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Judge Mellon's Sons

By

WILLIAM LARIMER MELLON

•
BOYDEN SPARKES (*Collaborator*)

PRIVATELY PRINTED 1948



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MR. WILLIAM LARIMER MELLON



MRS. WILLIAM LARIMER MELLON

(MRS. MARY HILL TAYLOR MELLON)

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WILLIAM LARIMER MELLON

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JUDGE MELLON'S SONS



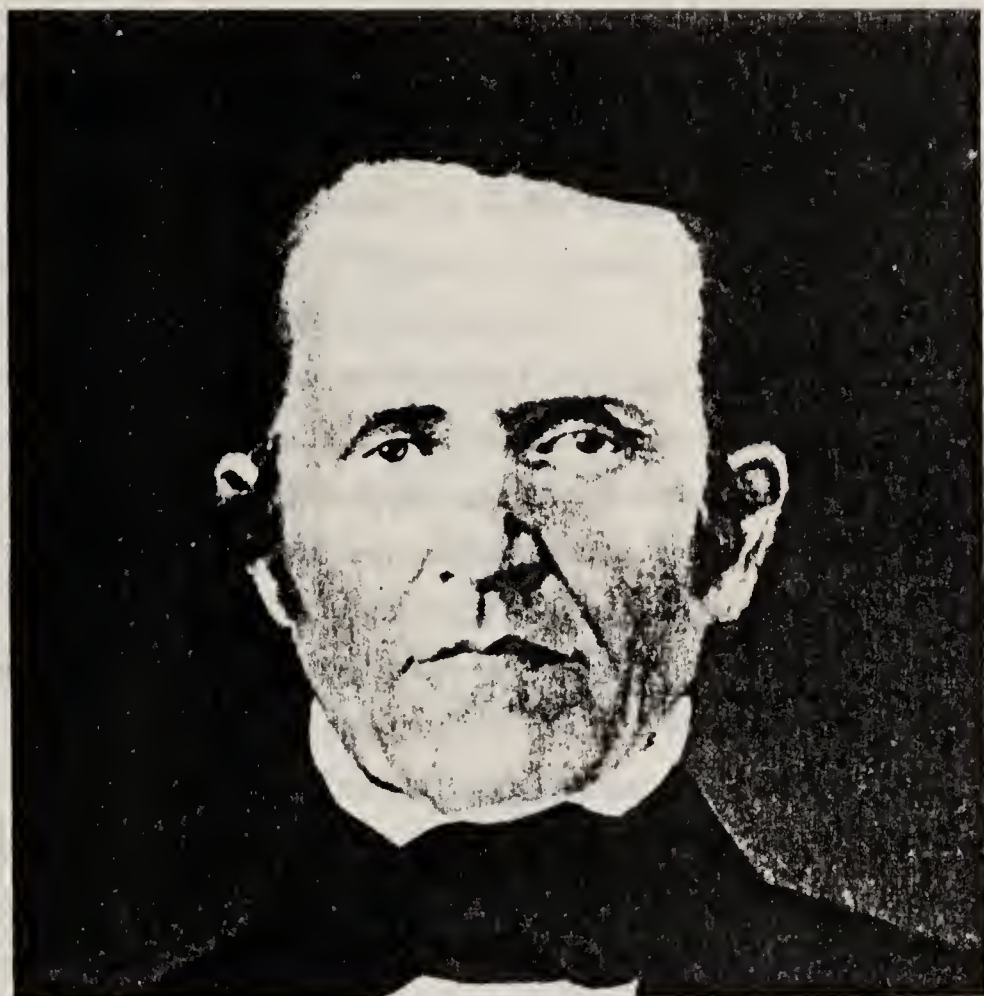
CHAPTER I

Double Celebration

I am the only one alive now who can clean away cobwebs of legend and reveal the story of the Mellon family beyond the time where my grandfather, Thomas Mellon, left off, in 1886. I refer to "T. Mellon and His Times," his privately printed autobiography. But my recollections can be spliced to those of Judge Mellon at an earlier date, 75 years ago, when he was still in the prime of life and I was five years old.

My earliest sharply focused recollection of my grandfather goes back to a day in 1873 when a family group was eating, not in the dining room but in the big kitchen of his home on North Negley Avenue in East Liberty, then just outside Pittsburgh. For me, that whole household first came alive in that setting and on that occasion.

The occasion was a double celebration of the birthdays of my grandfather and my grandmother. Both fell on February 3rd (he was born in 1813 and she in 1817). Notwithstanding that such important events justified a gathering in the dining room across the stone floored blow way, I stand by my memory. Possibly this family gathering was preliminary to the party. Anyway, if I close my eyes now, 75 years later, and concentrate, I can almost bring myself to hear my grandfather's voice. I know what he was talking about on that day in February, 1873. He was remarking how old he was—sixty. To me he seemed terribly old! Nevertheless, he lived



ANDREW MELLON (FATHER OF JUDGE THOMAS MELLON)

on and on and was not to die until he was 95, and I, that little boy of five, had become a man of forty.

As Judge Mellon's eldest grandson, I found myself, in effect, mortised into the older generation of my uncles, his sons. The one nearest to me in age when I was five years old was George Negley Mellon, aged 13 in 1873. Richard Beatty Mellon was 15; and Andrew William Mellon was at that time a youth of 18. These three uncles, in the eyes of the whole family, were simply big boys. But my father, James Ross Mellon, and Thomas Alexander Mellon, the eldest of all the five sons of Judge Mellon, were different. As an Indian chief might be distinguished from lesser Indians by a

feather head-dress, the moustache of each of these two set him apart. They were men. Indeed, my uncle Tom, who was then in his thirtieth year, and naturally solemn-faced, looked at me over such a great brush of black moustache that he seemed to me awfully old—but not, of course, as old as my grandfather, the patriarch of the family.

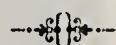
Three Mellon homes were clustered out there in East Liberty, on Negley Avenue. They were sometimes spoken of—and not to our entire satisfaction—as “the Mellon patch.”

Every year there were four celebrations in our family. These were held in one or another of the three Mellon homes in East Liberty. In addition to the double birthday celebration at my grandfather’s house on the 3rd of February there was the Thanksgiving celebration at the home of my parents. The Christmas celebration was usually across the street, in the home of my oldest uncle, Thomas Alexander Mellon. Finally, the New Year’s celebration was always held at the home of my grandparents.

Since the double celebration had double force sentimentally, it likewise seemed to have a doubled power to attract guests. Always, during my childhood, I looked forward to it as a time of peculiar excitement. Aside from the inevitable over-eating, I would find myself trying to stuff into my brain the identities of the many celebrants whose blood lines I shared—but no one ever told me what an impossible task anyone sets himself who tries to disentangle relationships from the whole heritage of mankind when the visible members of a family embrace several generations.

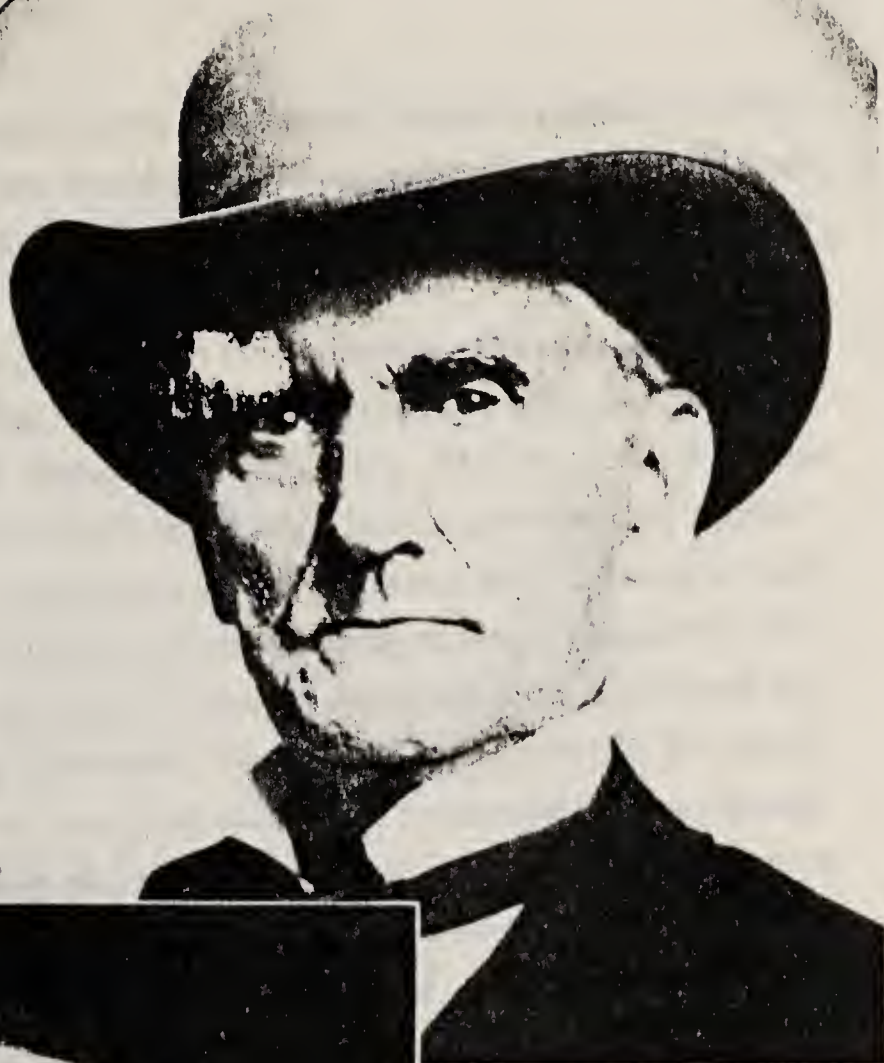
At any rate, those gatherings in celebration of the birthdays of my grandfather and grandmother were large and would include not merely blood kinsfolk and relatives by

marriage but friends as well, until I am sure I rubbed elbows there, when that house was crowded, with descendants of the people who had survived after marching into Pennsylvania with Forbes, or rolling in later in wagons during that great migration which resulted in the settlement of western Pennsylvania and Ohio. It is out of a nostalgia for those gatherings of my youth and a sense of obligation to all those people that I find myself wishing that I could sponsor just such a gathering so that my own grandchildren might participate in it. But the thinking which follows that feeling makes me realize that not even such a gigantic structure as the Waldorf Astoria would hold all the people who might properly be invited to such an assemblage today. My children, the parents of my grandchildren, naturally would wish to include in the gathering their own people. There would be the Larimers, my mother's people; and the Caldwells, of whom my Aunt Mary was one; and so many others finally as to make a list as thick, I daresay, as the Pittsburgh telephone book.



When I first knew my grandfather's house, every kind of activity associated with a farm, including the slaughtering and dressing of hogs, was regularly carried on there. Yet it was not really a farm but a country house. Already, before my time, they had started burning kerosene instead of whale oil in the parlor lamps; and the candle molds had been relegated from the kitchen to the cellar. They still used kitchen grease, not for candles but to make soap. When I was a very little boy, ashes from the kitchen stove and from the bake-

JUDGE THOMAS MELLON



MRS. THOMAS MELLON
(SARAH JANE NEGLEY MELLON)

ovens outside always were saved for the lye needed in soap-making. They would pour soft soap into large pans and then cut each pan-sized slab into blocks of a size convenient for the hand.

My grandmother ran the home. But, since she likewise had duties to her church and to charity, she kept control of the household through old Mrs. Cox, who was called house-keeper. Mrs. Cox compensated for my grandmother's gentleness by a certain quality of character which she must have inherited from some Simon Legree among her ancestors. She was tall; and years of country work had made her sinewy and tough as a blacksmith. She was terrible in wrath. But, undeniably, she was a good cook. With the exception of my grandfather, every man in the family during his boyhood had come under the sway of her dual power which was equally capable of delighting him with goodies or of whipping him within an inch of his life. I know that she thrashed me and my father before me. The picture of her I find easiest to evoke is that of a thin old woman taking her repose close to the warm bricks of the stove. Her chin and nose came close together for lack of teeth; so, as she sucked at her short-stemmed clay pipe, nose and chin and pipe seemed to form a trinity of features.

As a little boy, I found it difficult to believe that anyone as tough-fibered and ferocious (on provocation) as Mrs. Cox ever could have been a beautiful girl. Yet such was the legend in the family. She was a connection of the Negley family. Soon after her marriage her husband had died and my grandmother had taken her in. She had stayed on, making her own place as the years passed—and a valuable place it was.

When I began to be aware of things, she was the tyrant of the kitchen and powerful beyond it. If she did not actually



JUDGE THOMAS MELLON'S RESIDENCE—401 N. NEGLEY AVE., PITTSBURGH, PA.

boss everybody in the household, at least I thought she did. But like any good leader she was accustomed not only to punish but to reward. And how she could reward you! I daresay even the making of whiskey was within the scope of her talents, because that was commonly made on Pennsylvania farms. But to us boys her finest gift was her power to make a milder beverage. We used to work on Mrs. Cox, coax and entreat for days, until she agreed to make a crock of spruce beer. We boys were addicts of this beverage that tasted somewhat like sarsaparilla. Anytime Mrs. Cox' consent was won, all of us boys—Andy, Dick and George, my uncles, and I—would set off with a wheelbarrow for the ice-house two or three miles away. As the smallest boy I was permitted on such expeditions, to ride in the wheelbarrow. But coming back, I had to walk unless I was carried piggy-back by Andy. Wheeling that ice back up the hill was a breath-taking chore, but it was done gaily—for spruce beer.

There were a number of servant girls at my grandfather's house because there was a vast amount of household work at that time of little or no plumbing. The staff, which Mrs. Cox headed, included old Harriet, who was a kind of principal maid, supervising the chamberwork of lesser maids.

My grandfather had a passionate interest in horticulture that transcended kindred feelings to be encountered on the average farm. A concern for all the processes of Nature, of life, was burning incessantly in his strong mind. Experimenting with trees and bushes excited him and he was forever planning for and further developing the productiveness of the 25 or 30 acres of the home place. This land, originally part of the old Negley farm, had been given by my great-grandmother Negley to my grandmother.



OLD NEGLEY MANSION, CORNER NEGLEY AND STANTON AVE., PITTSBURGH.

Grandfather had quite a number of trees that were producing several species of fruit. Men were constantly planting imported trees or experimenting with grafting in our orchards under Grandfather's orders. Those orchards, fascinating and tempting because of the red, yellow, pink and purple treasure partially hidden in their leaves, covered the steep slope that rose behind the house to a ridge which to me, as a boy, was equally fascinating and tempting. Up there were trenches and earthworks dug, as it seemed to my people, "only yesterday," during the Civil War.

My uncle Andrew, but 13 years my senior, who had gossiped with the workmen always afterward remembered the flashings made by their picks and spades as those earthworks were hastily thrown up in 1862. Our part of Pennsylvania

and most of Ohio had been gripped by fear when it was believed that Morgan, the Confederate raider, and his horsemen were coming. Occasionally, when I was playing some martial game in and around those earthworks, Andrew would come along and tell me amusing and exciting things he remembered of that time when the tide of the Civil War had almost engulfed our home place. He had been but a boy then, no more than eight or so, when the workmen came to build those earthworks back of the orchard. Then, suddenly he, too, was impressed into a kind of military service—by Mrs. Cox. She had been made irate by what to her was more outrageous than any raid of Morgan—the forays of the laborers on the Mellon cherry trees. So she posted Andrew as a sentry on the orchard fence while the workmen dug. He was armed with a shotgun, fearsome-looking, but, of course, unloaded.

Printed on my memory are little patches of blue, lingering mementoes of my own belated contact with the Union Army. On cold days most of the teamsters and other laborers who worked around our place commonly wore at their tasks the same blue overcoats in which they had fought as soldiers in the Union Army. Indeed, a few habitually wore their old blue, visored forage caps.

Even our mules flaunted insignia of their past army service—the “U.S.” brand on any mule was a warning to beware his heels. They, too, were veterans of the Civil War and had seen no one could say how much tumult and carnage in their younger days. They were troublesome creatures. For years before they came to our place they had been ill-used, so they

were always kicking somebody in the stomach or worse, and seemed not to know that the war had ended. Many a night I was awakened by hearing someone pounding on a door or calling out to arouse my mother or grandmother. Paddy Clark or Tommy Thompson had been kicked by a mule! Invariably the excuse for such an uproar was: "We're afraid he's going to die." The women would dress, and prepare poultices and the victim would get a drink of whiskey. Many a laborer got a drink to compensate him for a kick; and no kick was ever fatal.

One improvement on the old place in my boyhood was the introduction of a supply of running water to the house. Starting about halfway up the slope back of the house men with picks and shovels dug a well deep down into the hill, an enormous pit; not such a pipe-cased well as one would drill today. Then a pipeline was laid to bring the water from the well into the house. Under the pressure of its fall down the hill it was piped up into a tank and thereafter we always had running water in the kitchen and in several other rooms on the ground floor of the house.

Nevertheless, we continued to use the older well, a shallower one closer to the house, which had a long-handled pump rising from the mossy boards that covered it. Moreover, the women always preferred the cistern's rain water for the washing of clothes. Even the spring in the sub-cellar of the house continued to serve us. It was our equivalent of a refrigerator. Down there, in a dark but shallow pool, Mrs. Cox kept the butter, cream, milk, buttermilk and cheese, all in partially submerged crocks, each of which had its closely-fitting cover to foil the rats.

The overflow from the new water system was piped to a

little domed structure of stone in the side yard where there was likewise a spring. On a hot and humid day moisture in the atmosphere would condense on the outside of any pitcher that was filled with water in that spring house. It was really cold water, and very sweet. I think there was some lime in it; it wasn't as soft as the filtered river water the Mellons used afterward; but I remember it now as more refreshing than any other water that I have had in my whole life.

The stone shelter over the spring house always brings old Gracey to my mind. In fact, it is for me a kind of monument to John Gracey, who was our gardener. It was he who built it, using the stones excavated from the hill when the well was dug.

Without a blueprint or plan of any sort, except such as may have existed in his head, that old Irishman made an arched entrance to a dome-shaped grotto. It is an admirable thing today! Possibly Gracey had been a mason in the old country, but at my grandfather's he was the gardener. He had a better status than most of the Irishmen who worked around there, and, in his corduroy coat, he was as much a superior employe outside the house as Mrs. Cox with her pipe was inside it. And how they hated each other!

Unlike most of the Irishmen who worked for Grandfather, Gracey was an enthusiastic Orangeman. Every Twelfth of July was for him a more important date than the Fourth of July. He would celebrate with enthusiasm and help to organize a parade that would include all the other Orangemen for miles around. Of course, that was far from pleasing to the Roman Catholic Irish. But, though they might taunt him on the Twelfth of July, he was popular with them all the rest of the year because of his fiddle. He could play

all the Irish tunes, and many a night as I was falling asleep, I would do so to some melody from old Gracey's fiddle, faintly heard as it came through the walls of our house.

A procession of wagons and cattle went clattering past our house all day; and I'll wager that in the whole length of their journeys none who passed ever gazed on a more highly cultivated property than that of my grandfather. From the driveway out front, lined in season with bulb plants or geraniums, clear back to the very top rows in the orchard, all of the acres were blooming or fruiting except in winter. Under old Gracey's thoughtful care and skillful hands the plants were always producing something to eat, or to be gazed at with delight and wonder—or to be used as ammunition.

After I have satisfied my appetite in memory by wandering in those gardens and through the orchard, the things that linger in my mind are tomatoes and quinces. They were our ammunition—but we boys did not always throw them only at each other. There was a scissors grinder, with handlebar mustachios, who came periodically, grimy with dust and sweat, clanging a bell and carrying, slung across his bent back, his grinding wheel mounted in a four-legged frame. Through season after season this sinister-appearing, but probably gentle fellow, was a target for our merciless tomatoes and quinces. A quince impaled on the end of a throwing-stick can be thrown far and hard.

Why did we have a feud with that poor old scissors-grinder? He was a foreigner!—and he might be a kidnapper! A fear of kidnappers was ingrained in Pennsylvania boys of my generation by what had happened to little Charlie Ross of Germantown, near Philadelphia. He had been standing

near a road when he was seized and carried off. So, when my companions and I threw quinces at the scissors-grinder, we were getting a thrill out of our fancied danger. He might have been a kidnapper—at heart! Who knows? But there was something inconsistent in our attitude because we never threw quinces at the gypsy bands who came along, although it was commonly believed out there that the abductors of Charlie Ross were gypsies. We were awe-struck by the gypsies.

Along with the traditional enmity for the scissors-grinder, I inherited certain customs and outgrown treasures from all the Mellon boys who had come along before me. I was duly initiated into possession of all of this by my guide and play-fellow, my youngest uncle, George—only eight years older than I.

The most memorable of the possessions I acquired by this entail was a mouse-colored donkey. His name was Frank and his patience was monumental. Seemingly he had been waiting, during several years after George had outgrown him, for me to become fit to be his master. When I got him he was an old beast. One of his kind had always been as much the means of getting cash for any Mellon boy as real estate had been a basis of business for the Judge, their father.

The traffic to which I refer was a succession of semi-illicit enterprises at which our whole household connived, including the two seemingly most vociferous objectors, old Gracey and Mrs. Cox; I first entered into them as part proprietor (with George) of a parasitical business based on selling the produce of my grandparents' country place. A little saddle and a bridle became mine with the donkey; but there was also a green spring wagon with a good set of harness. The

wagon had come down to me from my uncle Andrew; it had been prominent in an older phase of the business: to wit, the egg department. One of the worst scrapes my father got into as a boy was through an egg deal with the grocer down in East Liberty. One day my grandmother had driven up to the grocer's door on a shopping expedition. When the man came out to greet her, Grandmother ordered some dozens of eggs, complaining, as she did so, at the reluctance of her hens to lay. That grocer, caught off guard, made some remarks through which Grandmother found out that most of the eggs he sold at his store came from her own poultry house! The guilty entrepreneur was little James Ross Mellon, my father. He got a hiding for that—but only because he had been too greedy. Grandfather, I suspect, always was delighted when his boys, including me, engaged in any kind of business; even though we did it as a kind of play. He liked aggressiveness and initiative in men.

I remember that his look changed any time he caught sight of me, the donkey and the produce-laden wagon, setting off for some market that I had found for myself, most likely down on Penn Avenue. But he had the good sense to seem to ignore what I was doing. Too much attention from my elders would have spoiled it. Indeed, more than anything else, their loudly expressed approval would have spoiled it.

The first thing available from the garden as a rule was rhubarb; then, later on, I would fill the wagon with tomatoes. And finally there was sweet corn. That money I spent as I got it; for a beanshooter one time, a mouth organ another. But I never was given money in those days. I had to earn it.

One way to earn it that was always open to me was to read

aloud to my grandfather—too often from the Bible. He wasn't in the usual sense of the word, a religious man, although he was a member of the church and fulfilled his obligations to it. He never spent any time trying to indoctrinate his sons and grandsons with religious beliefs. But, evidently, something within him responded to the first chapter of St. John, because each of us in turn was obliged to read from it over and over. I daresay that, if I were called on to do it, I could almost recite that chapter now from memory. I was never much of a student and I was conscious that there was a double purpose in this reading aloud which I was paid to do. My eyes were taking the place of my grandfather's failing sight, but also he was craftily indoctrinating me with whatever wisdom there was in the succession of reading assignments.

He loved poetry. Chief among his favorites were poems of Robert Burns. Grandfather was also deeply interested in the history of Ireland. While he had been pondering on the Irish and their problems, hundreds and thousands of Irishmen had come to America. In those days the stream of immigration was so great that I could well see that there was no heartlessness in his final comment on the subject when he said to me one night: "You know, I have come to the conclusion that the only way to settle the Irish question would be to sink the island."

During all those years of reading, my grandfather paid me out of his pocket for each assignment as it was finished. In that way I had as much cash as I needed or was good for me. I can't remember ever getting any money without at least going through the form of earning it. And the same was true, I'm sure, of all of the Judge's sons.

My cousin, Edward Purcell Mellon, remembers that when they were very young boys, he and his brother Thomas A. Mellon II took turns reading to Grandfather. It is possible that Ed's sister Mary was lastingly influenced by those reading assignments. At any rate, years later she became an author. Dorrance & Co. of Philadelphia in 1946 published a novel, "Sheepshead Point", by Mary Mellon McClung.

My cousin also remembers walking back from the bank with his father, who would sometimes ask: "What are you thinking about?" Then when he heard a boyish answer he would say: "Now, now, you should be thinking of the real things of life." One time Ed wanted a bicycle and told his father that it would cost about thirty-five dollars. Uncle Tom said: "Which would you rather have: the bicycle now, or when you are twenty-one the money accumulated from that \$35 invested at 6 per cent?" Ed wilfully chose the bicycle. Yet even before Ed got out of short pants he and his brother, Thomas Alexander Mellon, were partners in an ice business. But when he was forty, Ed rebelled against business and went to Paris. He came home an architect; a good one. Examples of his work in Pittsburgh are the Gulf Building and the Koppers Building. But Tom Mellon remained devoted to business. He and his wife, who was Miss Helen Wightman, reared their family (Elizabeth Wightman Sellers, Edward Purcell Mellon II, and Helen Sedgely Schmidt) in the Judge Mellon residence at 401 Negley Avenue. In 1947 he became Chairman of the Board of his contracting business, the Mellon-Stuart Company, and his son, E. P. Mellon II, took over as President.

A. W. used to enjoy watching farmers' wagons rolling past the house.

A. W. figured there must be a lot of hungry horses in the procession. So he began cutting hay, tying it in bundles and displaying it at the roadside in front of the house, just in case some unfed and hungry horses came along driven by a well-meaning owner. Once in Washington, he boasted to me that he had sold right much hay—at retail prices.

I can't remember that my grandfather preached at us to be on the watch for opportunities and yet I am perfectly certain now that he was the source of our understanding that individuals are rarely embraced by an opportunity; you have to do the embracing. Furthermore, as Emerson said: "to seize an opportunity you must mount it on the run."

That double celebration at my grandfather's home on the 3d of every February juts up into my consciousness out of a sea of forgotten things, as a sort of refuge to which I can go in imagination whenever I feel a nostalgia and a longing for those who have vanished. My grandfather's old house, in my memories, is a place where I can escape the present and find myself back in the warmth and tenderness of my first home.

Any day, in the present, I may go to that house as it now is. But such a visit puts the past "out of drawing." For most visitors undoubtedly the house represents a tasteful evolution of an old American home, the natural development of the one that began to grow there in 1850 under my grandfather's directions. But I like to revisit it as if I were still a boy who once lived there. My life began in the upstairs of that house, in a bedroom at the southeast corner, fronting on Negley Lane, now Negley Avenue. Consequently, any physical changes in the arrangements afflict me as if I were a blind man stumbling amid familiar things rearranged.

Mahogany paneling appears where there was no paneling



BENJAMIN FRANKLIN STATUE OVER SMITHFIELD STREET ENTRANCE TO BANK

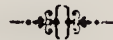
whatever. Such woodwork as we had was ordinary pine. Moreover, today, beams cross a dining room ceiling that should be plain. Furthermore, the second floor has become to me a bewildering place because walls have been opened to join spaces which formerly were separate.

In anticipation of the wedding of my parents, Grandfather had added to his house, at the south end, what might be called today a duplex apartment. The entire addition, two rooms upstairs and two down, was unconnected during my childhood by any door into the main house. Today, however, the addition's former privacy is gone; it is all blended into one bigger house, which somehow seems amazingly smaller than what my memory tells me used to be there.

All the changes are shrilly contradicted by my memory, so that I can never accept the reality of a butler's pantry that

usurps the place of our old staircase. But the thing most changed is the kitchen—the big kitchen where, in my memory, my grandfather's whole household first came alive. To-day, that kitchen is modern and actually smaller. Nowhere does it achieve the grand proportions of the old one, with its vast brick stove. All that old kitchen's equipment and its very shape have been obliterated. Nevertheless, I know how I can make everything all right. By simply closing my eyes I find—in my memory—the authentic house.

I do not challenge the worth of the improvements. Undeniably, the new wallpaper is more pleasing than the old paper with its somber patterns. Oriental rugs, I admit, look and feel better underfoot than Brussels carpet. Even so, inside me, there is a yearning for the older things. It is a part of a deeper yearning to fill a void with certain remembered sounds; the voices of my parents; and another sound, which used to mean that the old judge, my grandfather, was in his sitting-room, creaking back and forth in his old rockingchair.





CHAPTER II

• Under The Statue Of Benjamin Franklin •

I was a little more than a year old when Judge Thomas Mellon, my grandfather, decided to become a banker. This was in 1869, when he was preparing to retire from his judgeship in Pittsburgh. He had first hung out his lawyer's shingle in 1839, thirty years before; but, after ten years on the bench, he was unwilling to return to the practice of law. In his autobiography he explains that he made his decision because he "had too many pecuniary and other interests . . . to make it profitable to attend to the affairs of other people."

The bank—originally called T. Mellon & Sons—was opened in 1870. In its first days it was contained in a small, ground-floor store room, which the Judge had rented in a two-story brick building on Smithfield Street, near Sixth Avenue, Pittsburgh. The 20 x 60 foot plot on which the building stood is now a part of the much bigger plot occupied by the vast cubic mass of the multi-storied Henry W. Oliver office building.

Soon it went against the grain of my grandfather's thrifty instincts to pay rent when he was in a position to be his own landlord. Consequently, in the second year of the bank's existence, it moved into a new building which my grandfather had erected at No. 514 Smithfield Street, in the middle of the block. This is now part of the site of the present temple-like

building which houses the Mellon National Bank & Trust Company.

The pre-temple structure, new in 1871, was a four-story-and basement building with a facade of cast-iron. In the beginning, half the premises was rented to an insurance company. The other half, occupied by the bank, was identified for what it was by a statue, almost life-size, mounted above the cast-iron door. This statue was as much a sign of the nature of the business being done inside as the helical red-and-white pole over the basement was a symbol of the barber's shop within. That statue was a likeness of Benjamin Franklin. After 1871 all but the least observant passers-by on Smithfield Street became familiar with Franklin's cast-iron figure.

My grandfather revered Benjamin Franklin above all men and Franklin's name frequently was on his lips. The boys in our family literally were brought up on Franklin. On my twenty-first birthday, Grandfather's gift to me was a copy of the "Autobiography of Benjamin Franklin". So that statue in the bank today may be regarded as an image representing an influence that guided us, even in times when we had perhaps forgotten the name of the guide. Franklin became a sort of genie of the Mellon family. I cannot exaggerate this influence. Andrew W. Mellon, to the end of his life, often charted himself through strange situations with a compass needle that was no more than a question to himself: "What would Father do?" The Judge would have done, by ingrained habit and the structure of his character, pretty much what his revered Franklin would have done.

Andrew Mellon's intellect and his character were developed during years of training and teaching which he re-



ORIGINAL T. MELLON & SONS BANK ON SMITHFIELD ST. NEAR 6TH AVE.
ON THE LOCATION OF THE PRESENT HENRY W. OLIVER BLDG.

ceived from his father. That training and teaching produced a banking genius. It was Andrew W. Mellon more than any other man who made that little bank, T. Mellon & Sons, unfold and grow until it became not only a foremost banking institution but a force of literally incalculable value to the people of the United States.

No important banking institution ever survives simply as an accumulation of treasure being kept for hire. Treasure so held will, inevitably, sooner or later be dissipated. A great bank has to be an expression of something transcending the money in its coffers. In Pittsburgh today, on Smithfield Street, in the Mellon Bank, that something is most appropriately symbolized by that life-size statue, still reverently cherished, of Benjamin Franklin, the American upon

whom my immigrant grandfather deliberately modeled himself.

The great institution which grew from the small sprout of the business that my grandfather planted became a great creative force. In the beginning, there was literally no money in the little bank. All there was behind it was the faith of many people that Judge Mellon was a man to be trusted both as to his word and as to his judgment. The whole treasure of the institution was contained in his credit and his integrity. He was consciously using that credit to create a pathway for his son Andrew W. Mellon into that field where eventually the son was to have such a great career.

But the Mellon of T. Mellon & Sons with whom the first depositors carried on important transactions was my own father, James Ross Mellon, my grandfather's second son. This was so because, when the bank opened its doors for business, in January, 1870, my grandfather, by way of celebrating his newly-gained freedom from judicial duties, set out on a journey by river and rail deep into the South, to New Orleans. Before leaving he put his son "Jim," pending his return, in charge. I am sure that my mother must have felt great pride to observe her young husband against the background of his fresh dignity—a banker in downtown Pittsburgh. Probably it was at this time and in her arms that I first came under the benign gaze of that Franklin statue, at the very beginning of its reign over the bank.

Although my father ran the bank during the first months of its existence the arrangement never was intended to be permanent. As soon as the Judge returned from his trip my father went back to his business in housebuilding materials



T. MELLON & SONS BANK BUILDING—514 SMITHFIELD STREET

and to his real estate operations, and the apprenticeship of Andrew W. Mellon to the art of banking was begun. Andrew was then fifteen and still in school.

I feel a sense of inadequacy as I try to explain this man, my uncle Andrew Mellon—"A.W.", as he was almost always called—even though I knew him as well as any man who ever lived and certainly better than any man now alive. In countless hours of companionship he talked to me unreservedly, expansively, as friend to trusted friend, partner to partner, kinsman to kinsman.

His first schooling was received in a little house on my grandfather's place. My grandfather held strongly to his opinion that it was unwise to send good, well-disciplined children off to public or private schools, to be plunged among a lot of children who, he believed, were likely to be "misgoverned" or "neglected." Consequently, the schooling of his sons always was a matter kept by him as much as possible under his own supervision. In A.W.'s early years a young man named Taylor was employed as a teacher. "Tom," my oldest uncle, and "Jim," my father, had first been taught by this young man in that little house. The next two pupils were my Uncle Selwyn and my Uncle Andrew, who started in when he was five.

When Andy was seven his brother Selwyn, who was then nine, died of diphtheria. That was in 1862. The tragedy left a lasting mark on the family, and, above all, on the Judge. The little schoolhouse was closed up. A.W.—possibly because the family were still fearful of the dreadful diphtheria epidemic but also because they wanted to get the little boy out of the presence of so much sorrow—was sent out into the country, about five miles beyond East Liberty, to the home of



MRS. THOMAS MELLON AND HER FIVE SONS

Grandfather's sister, Mrs. Stotler. For about two years he lived there and went to school with several cousins. When he was nine, he returned to East Liberty and entered public school.

From that time on this boy spent some hours of every day as his father's companion. My uncle Dick and my uncle George, as they grew older, received in turn a considerable measure of the Judge's companionship and teaching, but Andrew was the first to experience the change wrought in the old man by the loss of Selwyn. Every stern and reproving word the father had uttered to his older boys, and especially the lost one, he now tried to redeem by gentle words spoken to little Andy.

There was a certain routine in their companionship. Father and son walked each week day morning to the Penn-

sylvania Railroad's East Liberty station and there got on a train that carried them into Pittsburgh, where Andy went to school and the Judge proceeded to the courthouse where he officiated in the Court of Common Pleas. Although this program was altered in warm weather (the Judge then rode horseback into Pittsburgh) there was still daily communion between father and son. The Judge talked to his son not as to a little boy but as to one with a mature intellect and thereby challenged the youngster to think as a man. Indeed, I sometimes think that this companionship shortened A.W.'s boyhood.

Andrew entered a preparatory school that was a part of the college institution which later on developed into the University of Pittsburgh. It was first called Western University of Pennsylvania; and, because it was a land-grant institution, the students received military training. Consequently, though he wore no uniform, A.W. was given foot-soldier drilling during his adolescence. He entered the University proper in the fall of 1868, when he was thirteen, ten weeks or so after I was born, and during my first years he was working at the university for an A.B. degree. He was midway in his second college year when the bank was opened. During the final half of his life as a college student, he was likewise an apprentice to his father.

In the bank, he had regular duties to attend to every Saturday and daily during school vacations. As a result of this, he was never so much under the influence of the University as he was under the influence of his affectionate but strong-willed father. That may account for the fact that, as a boy, he was less addicted to play than other boys, and, later on, than other men.

When A.W. was 17, during his summer vacation, he was sent by his father to Philadelphia on an important piece of business. My grandfather then held a second mortgage on the Chestnut Street Theater and the owner had fallen behind in his payments. As the law stood then, the holder of a defaulted mortgage could take over and operate a property covered by the mortgage in order to protect his interests. In this instance, it was a friendly arrangement and the boy Andrew found a suitable man to operate the theater. To make sure that everything would go smoothly, he remained for a while visiting some Philadelphia cousins, and each night he attended the theater. Whether he found the most enjoyment in counting the audience or in observing the performance I can't now be sure.

In most families the imposition of such responsibility on a boy would be regarded as unthinkable, but in the Mellon family this was precisely the way boys were developed. That same year my grandfather sent A.W. east, to Baltimore, this time to buy two tracts of land totaling 80 acres right athwart the Baltimore-Washington turnpike about where Montgomery-Ward's big warehouse now stands. Subsequently much of this land was subdivided and sold off in lots for a good profit. However, a strip of it which bordered a small street was deemed unsuitable for dwelling houses. Eventually the railroad wanted that land very much for new trackage and the strip brought a profit that added not only to my grandfather's fortune but considerably to A.W.'s confidence in himself—the development of which was, of course, the great purpose behind my grandfather's sending a boy on such an errand.

All the judge's sons drove themselves hard. As in the case of my own father, James Ross Mellon and later of my uncle George Mellon, A.W.'s health under a double load began to fail in college. He was so pale and run down in his final months there that the Judge decided that this seventeen-year-old boy should not be subjected to the strain of the final examination nor of making an oration which was required of each of the twelve graduates. Instead of experiencing this excitement and the emotions of the ceremonies and final leave-takings of commencement, A.W. went off to the little town of Mansfield, now Carnegie, with his fourteen-year-old brother Dick, likewise released from school.

In Mansfield the boys set to work to build just such a lumber yard and builders' supply business as their older brothers—my uncle Tom and my father, Jim Mellon—were running in East Liberty. The Judge planned all this, but undeniably the boys executed his plan without much guidance from him. As a matter of fact, they were in debt to their father for about \$40,000, that sum representing money he had laid out in buying land suitable for sub-dividing into lots, for a lumber yard site, for a stock of lumber, and, in addition, for materials for building warehouses, sheds and an office building. All this construction work A.W. and Dick supervised themselves; and they likewise did their own surveying, as well as all the buying and selling. They were on their own, seventeen and fourteen.

I realize this is not the accepted pattern for starting a career in America, where it is too commonly supposed that the surest beginning for success is in the role of office boy. Some may hold that only a minority of boys are so fortunate as to be born into families where the means exist to entrust

them with so much responsibility. But I hold that even in the families where the means do exist it is too often the practice to overlook the fact that, for sound development, a boy's judgment must be exercised quite as much as his muscles.

The little building supply firm of Andrew and Dick Mellon had fair success in selling its lots and had on its books a clear profit of \$3,000 for the boy partners when the failure of Jay Cooke in Philadelphia, in 1873, started the panic that heralded a terrific economic collapse. Every person in the country was in a plight. Fortunately for the Mellon boys, there was no immediate sharp decline in real estate values—but A.W., as the senior member of the firm, decided that it was time for him and Dick to retreat. He sought out a man from whom he had recently bought a 25-acre tract contiguous to the land which the Judge had selected. This man, by this time a little regretful that he had sold a part of his farm, was glad to cancel the sale.

There was a rival lumber yard doing business nearby. One night, when the skies of Mansfield were lighted by a great fire, A.W. discovered that his competitor's stock in trade was burning up. He dressed and hurried to the fire. He did not rest until he had found the proprietor of the burned lumber yard. Andrew told this distracted man that he could keep him in business. He offered to sell him the complete stock of the business being run by himself and his brother, along with some contracts with the same big mills at Grand Rapids that were supplying my father and my Uncle Tom at East Liberty. By breakfast time, according to the family legend, the rival proprietor accepted this proposition and the two boys, Andy and Dick, sold out to him.

Always afterward the Judge loved to brag about the skill with which Andy had adjusted himself to the great depression of 1873.

After that, for about four years, Dick worked directly for his father, attending to the Judge's outside affairs, but young Andrew went into the banking house of T. Mellon & Sons. It was still only a one-room business in Smithfield Street, —furnished with a long counter, a safe, a potbellied iron stove, a plain deal table and a couple of chairs. From there on Andrew W. Mellon was a banker.

Primarily, all the men of the Mellon family were business men and bankers, but they were likewise adventurers. Indeed, to A.W. and to Dick Mellon, banking never was mere money making. A.W. used banking as a constructive force just as definitely and as understandingly as the industries which he helped to create used electricity as a force, used it to make things go. Though all the adventures of Sinbad the Sailor usually ended in the enrichment of Sinbad, he never is regarded as a money-grubber because we remember the adventures rather than the riches. Yet, for some perverse reason, successful business men are differently regarded.


It is a curious thing to me that so many people outside of business fail to sense its thrilling excitement, and regard it most of the time as a dull routine which men endure simply for money. People hold this attitude even though they know *Treasure Island* to be a story of delightful adventure, hinged always on an expedition after hidden wealth—on business, in other words.

Drilling for oil is a mining operation and inherent in it is all the fascination of mining, whether for gems, gold or less precious stuff. Every time a wildcatter starts drilling for oil



MR. THOMAS MELLON, SR.

he is exploring for treasure. For every real oil man each new day begins with just such a delightful moment of expectancy as most of us feel when the house lights go down in the theater before the curtain rises. Anyone who finds excitement in poker or bridge, and is familiar with an almost irresistible urge to violate etiquette and pick up the cards as they fall, can appreciate a little that feeling of suspense with which, for years, I have gone each morning to pick up from my desk the reports and mail that will tell me how our drilling is going for the Gulf Oil Corporation. As it happens, Gulf Oil is the greatest single enterprise developed by the Mellon family and I am extremely proud of my part in its creation. Its thriving existence represents, however, only one of a number of great accomplishments of the Mellon partners.



CHAPTER III

• *Young Hustlers* •

Each of the Mellon boys in turn was helped to get some kind of special opportunity. However, instead of making it easy for his sons in the beginning, Judge Mellon's way was to demand of them stiffer terms than he would have asked of any others with whom he entered into a business relationship. I think no one can challenge my statement that Grandfather's scheme of educating his boys was a vital factor in what they accomplished afterward.

When my Uncle Thomas was 18, in 1862, he had been eager to take over a man-sized business, an extensive nursery farm, the property of our kinsman, General Negley, of the Union Army, who wished to sell it. There was no denying that Uncle Thomas had had a good grounding for this work. While he and James Mellon, my father, were no more than school boys, they had started a little nursery on the home place and had made a success of it. Remembering that success, my grandfather loaned \$3,000 to his eldest son, but he charged a stiff wartime rate of interest for the money: 12 per cent. Thomas bought the Negley nursery and thereafter managed the undertaking so well that within a space of months he had repaid his father. In less than two years he closed out with a good profit for himself.

In 1864 when James Ross Mellon, the second son, was 18, Grandfather, out of consideration for an expressed prefer-



MR. AND MRS. JAMES ROSS MELLON'S RESIDENCE—400 NORTH NEGLEY AVENUE

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ence, had ready for him at Braddock, Pennsylvania, a small foundry. But by then my father had other ideas.

In the preceding year, 1863, when my father was 17, he had been obliged to leave Jefferson College at Canonsburg on account of ill health. Instead of pampering him at home, Grandfather started him off for the west. His destination supposedly was St. Paul, then a frontier town, in Minnesota. However, by the time the seventeen-year old James Ross Mellon reached Milwaukee, roads to the north had been made impassable by ice and snow. Notwithstanding that his father was well off, this frail young Mellon promptly looked for a means to support himself in Milwaukee.

He got a job in a law office and during the succeeding eight months, while his health steadily improved, he learned much that helped him to get ahead in business later on. One thing he studied was conveyancing, which was tremendously important to him after he had entered the real estate business. In his letters home he had mentioned a liking for the foundry business, and so the Judge prepared to match that interest with an appropriate opportunity. The foundry was established in Braddock for the Judge by a good foundryman. However, when James came home restored in health, he had changed his mind about the foundry business.

This change had come about after he had left Milwaukee. Obedient to instructions from his father he had gone from Milwaukee to Leavenworth, Kansas. There he had fallen in love. When he got home he was in a great hurry to be able to support a wife. So he had asked his father if he could lease and operate a business which the Judge had bought a short while before with a view to making a profit through its resale. This was the Osceola Coal Works.



MR. JAMES ROSS MELLON

The Osceola Coal Works was an integrated business. It produced coal from its own mines and shipped that coal to its big yard in Pittsburgh. From there the coal was distributed to retail customers. Selling was directed from an office in Pittsburgh. This flow of coal was initiated by more than a hundred men working underground. The successful management of such a business required aggressive leadership, and, day by day, the exercise of careful judgment. Judge Mellon regarded my father at the time as an almost inexperienced youth, and the Osceola Coal Works represented a small fortune. Nevertheless, after weighing against the hazard of money loss the possible loss of his second son's spirit and courage were he to refuse, my grandfather said "yes". The whole business was leased to my father. However, James Ross Mellon was left in no doubt whatever about the "rent"; it must be put right on the barrelhead on the day it was due, and it was—invariably.

From the Judge's standpoint the vital thing in his experiment with his second son was that it be kept strictly on a basis of lessor-and-lessee and not father-and-son. I know that uninformed people still repeat false old legends about those early business transactions between Judge Mellon and his sons, and the legends are told sometimes with a malicious implication that the Judge, in charging his sons high interest, was taking advantage of them just for money. How utterly silly that is in the light of the results!

Each Mellon boy under his father's excellent coaching made good to a striking degree. As for my father, even before he sold out his lease on the coal works, he had established himself in another business field, going into partnership with his eldest brother, Tom. They opened up a lumber yard and

building supply business and operated it in connection with the sale of undeveloped real estate, some of it originally farm lands belonging to my grandmother's family, the Negleys. Of course, this business offered an exciting opportunity whereas the coal business has always been a headache in Pittsburgh, probably just because there is so much coal. Nevertheless, when my father sold his lease on the Osceola Coal Works he made a profit of over \$5,000.

James Ross Mellon, being by now a full-fledged man of business, went back to Leavenworth, Kansas to the home of the Larimers. The Larimer house was a big, frame farmhouse, with a great gaunt barn and a yard cluttered with wagons and livestock. As a Kansas farm I think it was a little out of the ordinary for that period, because my maternal grandfather and his sons had worked mightily to achieve Pennsylvania standards in a still raw land. Here my mother, Rachel Larimer, had spent most of her girlhood. Here she and my father had become engaged. Here they were married. The first five years in East Liberty were spent at the home of my grandparents, and there I was born.

Our new home, completed when I was five, was just across the road that is now Negley Avenue in front of my grandfather's house. In its first years it was an eight-room house of frame, with a gabled roof, brick chimneys and ceramic chimney pots. To me it was an elegant house. Each gable sprouted a little spire of lightning rod. Some of the bedroom windows, as well as those lighting the stairwells, had blue and crimson panes that made certain parts of the interior wonderfully pleasing places for a child to stand and be bathed in red or purple light. Later, I remember, a tower room was added to our house as a kind of fourth story. There was a gallery

around the little tower, which was added to implement a hobby of my mother. She had long been interested in astronomy; but the first time I realized that she was fascinated by her study of the stars was one night when she woke me out of a sound sleep and took me to the tower to impress on me the sight of a comet. That tower was the first of a series of enlargements and alterations of the house.

My mother had always had an interest in painting—as a matter of fact she painted skillfully. After I was born she spent a winter painting in Italy. When she came home, my father built for her another addition to the house, this time a studio, quite good-sized, over the kitchen. It had a glass ceiling and a north light.

Eventually my parents' frame house was given a veneering of brick so that in the nineties it became again a "modern" house. In recent years the old place may have appeared to strangers as if it had a spell of enchantment fixed on it. It was markedly a house of the nineties and every detail that linked it with the past was tenderly cherished by the last Mellon to dwell in it, my brother Thomas Mellon II. Although its gardens were weed-grown, and this gave the place an air of neglect, inside Tom had maintained the old home just as it used to be, so that any time I went there it was as if I had stepped backward in time.

My father, James Ross Mellon, and his eldest brother, my uncle Thomas A. Mellon unquestionably were extraordinary young hustlers. By the time my father was 21 they had accumulated between them one hundred thousand dollars. That was the year I was born. I can't remember a time when they didn't have the lumber yard in East Liberty. A vast place it seemed to me. It covered three or four acres of ground. They

had there, besides open stacks of lumber and piles of material, two enormous warehouses filled with building materials. There was another building in which they had a hardware store and their offices. It was about three miles from home to the lumber yard. The piles of lumber there seem in my imagination now almost as tall as the Egyptian pyramids. There were, in addition, all the other raw materials needed in house building; and in the hardware store, grates and mantelpieces. The whole establishment was thriving.

Then suddenly, small though I was, I was aware that they were all in trouble. The great depression of 1873 had begun. The soup kitchens made a lasting impression on me. Afterward, in my early teens I was around the lumber yard most of the time; but, when I was little, I could be there only on the rare occasions when I was taken. I had been taken on the occasion when I had my first bowl of soup from a soup kitchen—a room in the same building as the hardware store and the offices which had been transformed for its new mission by the women of our family. It was only one among many soup kitchens in the Pittsburgh area. There was a counter and behind it the paraphernalia of a kitchen. The soup was cooked in huge cauldrons; and those who came to get it, and the bread that was served with it, were really hungry people—whole families of them. I confess that my strongest impression as a boy of five was that the soup was mighty good.



CHAPTER IV

· “A Good Landing” ·

My mother during my boyhood always was trying to make me understand how the nation grows, to make me realize that it would be no more static during my life than it had been when she was growing up out west. Certainly the whole country had been in a painful growing stage when she was born, January 3, 1847. All of what is now our Southwest, all of Texas and California, was then a foreign land, a part of Mexico. But it was already in the process of becoming a part of the United States as a result of the Mexican War. In her infancy she must have heard the music of fife and drum and other expressions of patriotic fervor aroused by that war. In 1845 her father, William Larimer—for whom I was named—had been commissioned a major of the First Battalion, Sixth Regiment, Allegheny County Volunteers of Pennsylvania. In 1848 Governor Johnston of Pennsylvania commissioned him a Brigadier General; and in 1852, Governor Bigler raised him to the rank of Major General. Later, during the Civil War, he served the Union cause with the rank of Captain; but always, in Pennsylvania and in the west, he was called General.

My mother was the sixth child to be born in that family and was named Rachel Hughey Larimer. When I, as a little boy, first met my uncle, Will Larimer, out west, he told me how, when he was only seven, he had seen his father, after



GENERAL WILLIAM LARIMER

placing this new little black-haired sister on a big, red silk bandana handkerchief, knot the corners and suspend the kicking, squalling burden on the hook of a spring scale which he held in his hand.

The Larimer family then lived on Penn Avenue, which is now the Lawrenceville district, but afterward, and until their migration westward, they lived on what is now Larimer Avenue, East Liberty, the same neighborhood where my grandfather Mellon had his home and where I grew up. Long before I came into the world the two families had en-

joyed an intimate friendship. The big, comfortable Larimer house stood well back from the street in a yard filled with fruit trees, grape arbors and flower gardens. There was a carriage drive and big stables.

Much of our family's history is a western story. Of course, Pittsburgh was far west when the first Negleys had to leave their home near Fort Ligonier to escape massacre by Indians; and it was still truly west in 1818 when my Grandfather Mellon came that way from Ireland. But when I say "west" here, I mean the Great Plains and the Rockies which beckoned enticingly to my Grandfather Larimer in 1855.

A severe business depression in 1854 obliged my mother's father to embark on a second career. This depression, which in places assumed panic proportions, dealt harshly with him. He was then 45 years old, the father of nine children, and counted in Pittsburgh as one of its distinguished men. When he set out for the West alone in the hope of mending his damaged fortunes, he left all his affairs in the Judge's hands.

Grandfather Larimer was born on October 24, 1809, in a farmhouse on the old Larimer homestead at Circleville in Westmoreland County, Pennsylvania. Great-grandfather William Larimer, Sr., had moved there from Adams County, Pennsylvania in 1798. My grandfather Larimer had an ordinary country schooling. Indeed, in later life, whenever his excellent penmanship attracted attention, he delighted in revealing that he learned to write on a barn door. Whereas some of the first Mellons in Pennsylvania made money as contractors building sections of the old Forbes Road, Grandfather Larimer made his first money away from the farm by contracting to furnish stone for the Philadelphia Turnpike.

This favored route between Philadelphia and Pittsburgh was for some years thereafter to be an important highway to him. With the profits of his first contract he started a country store near the family farm, but it was never his intention to be just a country storekeeper. He placed his store in charge of a younger brother and continued to carry on his expanding work as a contractor. Moreover, with a partner, John Irwin, of Irwin, Pennsylvania, he operated, between Philadelphia and Pittsburgh, a freight service company known as the Conestoga Wagon System. They used the big Conestoga type of wagon, the model for the prairie schooners of later years, which were drawn by six-horse teams. He made money also buying horses from farmers in western Pennsylvania and then sending them in droves over the mountains to markets in the east. After the Pennsylvania Railroad was built, he organized at Larimer Station the Westmoreland Coal Company, in partnership with John M. Cavode.

At 25 he married Rachel McMasters, one of ten children of John McMasters and Rachel Hughey. Her sister, Nancy, married James Irwin Larimer, a brother of my grandfather and the youngest McMasters, became the wife of B. F. Jones, founder of Jones & Laughlin Steel Company.

After his marriage, William Larimer, Jr. went into the wholesale grocery and produce business, as the partner of his wife's eldest brother John McMasters. Although the business prospered, the partners often disagreed, so eventually my grandfather traded his interest in the business to his brother-in-law, my grand-uncle, taking in exchange real estate.

After that General Larimer went into the banking business. It happened this way: he took charge of Pittsburgh's

Old Eagle Hotel, owned by his father; the patrons were customers and acquaintances of his Conestoga wagon days; he had a large wagon yard and stables behind the hotel, and his house became headquarters for the changing of money and making of loans in connection with goods being hauled in those big wagons. Eventually this developed into a regular banking business.

As railroads began to supersede the wagon freighting company, General Larimer became a railroad builder and operator of railroads. He was first president of the Pittsburgh and Connellsville Railroad (now a part of the Baltimore & Ohio Railroad) and treasurer of the Ohio & Pennsylvania Railroad (now a part of the Pennsylvania Railroad). He was also interested in a numerous other local companies, in certain California gold mining enterprises, and in some western overland transportation companies. A promoter by instinct, he was a leading spirit among those who organized the Youghiogeny Slack Water System. Consequently, he was widely spread out in 1854 when there was a serious depression.

Overnight, General Larimer's power to meet his commitments dissolved. In the hope of recouping his fortunes he determined to go west. Both he and Judge Mellon, his friend and lawyer, were confident that his equities in time would easily counterbalance his obligations in Pittsburgh.

By the spring of 1855 he was in Nebraska, staking claims on the Platte River; and he had organized and become president of a town company. His great aim at that time was to encourage Eastern people to migrate west, settle, and create farms.

In the vicinity of the confluence of the Platte and Missouri

Rivers, my grandfather Larimer had found a beautiful plateau of wild prairie. In certain of its geographical characteristics it was not unlike the famous "triangle" of Pittsburgh, which has on one side the Allegheny and on the other the Monongahela, close to the point where they merge and become the Ohio. One side of my grandfather's plateau was washed by the Platte River, the other by the Missouri, and the rivers blended their muddy waters just below the spot selected by him for a home-site. That was where he was laying out a town.

Thirteen years before I was born the two men who were to be my grandfathers were exchanging letters about this project. One of those letters, in particular, moves me deeply when I reread it because I realize that the sweating sacrifice and the heroic dreaming that it reports were an expression of General Larimer's tremendous concern to restore to his family, in which my mother then was a little girl of eight, all that had been lost to them through his business failure.

A later event was to prove that he was exceedingly shrewd in his understanding of the geographical requirements for the site of his town, so there was no idle dreaming in what he reported when in May, 1855, he left off toiling, went to Council Bluffs, sat down, and wrote to Judge Mellon as follows: "We have what is rare on the Missouri River, a good landing. We have a situation large enough to build a Philadelphia certainly, Mr. Mellon, the most beautiful land you ever saw. Now my plan is this: I intend to live in LaPlatte City. I intend to open up a large farm. I can raise hemp, corn or anything. It is certainly the richest land I ever saw; the grass there this day is up to the shoulders of the horses and will be as high as a man on horseback. I will go on with the farm and

if the land is ever wanted for a town it is ready. Still we have abundance for a large town without touching what I intend farming. I expect to supply the territory with iron nails, lumber, etc. This will not only be profitable in itself but will be the great means of building up the city. If I go there I can build the city . . . I have been working very hard and I am so nervous I can scarcely write. I have been chopping, plowing, planting, building claim houses and fence. . . .”



CHAPTER V

• *Indians, Cold And Gold Fever* •

In the fall of that year, 1855, the Larimer family left Pittsburgh and comfort, to follow the father west. The starting place was the river wharf of the steamer *Empire City*, J. J. Vandergrift, captain. In the party were 18 persons destined to be my kinsfolk. They were General Larimer's wife, Rachel, and their nine children including the one who was to be my mother; Rachel's sister Martha; Martha's husband, the Reverend Watson Hughes; and six Hughes children. My mother then was eight years old.

The journey by river to St. Louis was attended by no hardships whatever, for it represented the utmost in luxurious travel on the American continent. In St. Louis there were a few comfortable days of hotel life and then they all boarded the steamer *New Lucy*, one of the largest in the Missouri River service. They were now getting close to the frontier.

Each time the steamer needed to refuel the *New Lucy's* whistle, deep and hoarse, signaled to some woodyard ahead, and white and black people would appear along the river bank to enjoy the excitement. My mother never forgot the shining eyes, the bare feet and the ragged garments of those Negroes, who, from the bank, fixed their gaze on the little girl standing at the steamer's rail. They were Missouri slaves.

Many of those who rushed up the gangplanks, however, were white men thirsting for things she had never seen. It was my Uncle Will, her brother, then a boy of fourteen, who long afterwards told me how the barroom looked and how enticing it seemed to him to watch the swift dealing of poker hands by professional gamblers.

The party of eighteen left the steamer at St. Joseph and were on their way to Council Bluffs by stage when they overtook more migrants, a tribe of Potawatomi Indians, also moving west. For my mother the west seemed to begin there as she inhaled the wild odor of the unwashed Indians, of braves, squaws and papooses, of dogs, ponies and stores of food. She remembered these other travelers as a caravan that stretched for miles along the road, with everything they owned on ponies or on the backs of squaws or being dragged along on travois, each made of two long lodgepoles, the forward ends of which were crossed and tied above a pony's withers, with a basket slung between the poles. The trailing pole ends made much of the great dust cloud in which those Potawatomies trudged.

Although it had been the intention of the Larimer party to continue by stage coach on to Council Bluffs, their ride ended abruptly and unexpectedly at a lesser stop on the way, a little town called St. Mary's. From the roadside their overjoyed father, General Larimer, was shouting greetings.

My grandfather had a new house in readiness for his family, a home built of rough milled cottonwood boards, battened outside and lined with canvas inside. As a further protection against the cold the canvas walls were papered. Always afterward the General's family proudly boasted that their home had been the best in that part of the country.

It was October when they reached their new home; winter was about to burst on them. During the summers the grass on that prairie had been tall enough to hide a man on horseback, but now all this vegetation was frost-killed and a really terrific fire hazard to every living prairie thing. How the prairie fire started they never knew; it came roaring at them as a high curtain of flame and with a noise louder than storm.

The General's foresight saved them. On either side was a river; but, as an additional protection, right across that peninsula on which they lived, the General had plowed a broad fire-break. The fire died at the edge of the plowed land.

So swiftly was that prairie fire followed by winter that the two seemed afterward to have been part of the same phenomenon. Possibly the bitter cold of that winter of 1855-56 was abnormal; at any rate these Pittsburgh people found it distressingly cold. On many days the thermometer registered 30 degrees below zero. Snowstorm after snowstorm piled up snow around them until the board fence around the premises was quite hidden.

While the family was snowbound, the General was away in Omaha attending meetings of the Nebraska legislature. He had become the member for Douglas County as promptly as another might have joined the nearest church. Politics was in his blood.

At the homestead as winter wore on, the Indians became a nuisance. Almost daily they appeared to beg food or anything that caught their fancy, and if their begging was unsuccessful they became arrogant and threatening. Aware that the General was absent, they dared to crowd into the kitchen and loaf around the fire. They were impudent and stinking. At such times the smaller children, including Rachel, who was

to become my mother, were terrified; the bigger ones and my grandmother were seriously worried. The lumber mill began to seem farther from the house than ordinarily; the men who worked there were scarcely less strange than the savages, but they were kindly and well-disposed. They were *couriers des bois* and spoke a strange French patois. Each spring a boat would arrive to take these men up the Missouri to its headwaters where they scattered widely to work for John Jacob Astor's American Fur Company.

One winter day a small party of Indian bucks behaved so threateningly in the Larimer kitchen that one of the boys, Will Larimer, received from my grandmother a whispered hint to slip away and bring help from the mill. The Indians were spitting on the kitchen stove and in other ways acting unbearably. Finally, when ordered to go, each produced a butcher knife, and several began a sinister whetting of these on the iron of the stove. Meanwhile, my Uncle Will, then a boy of fourteen, reached the mill boarding house, a quarter of a mile away, and told the men there what was going on. The men rushed to the house with rifles in their hands. The Indians left.

That winter which began with fire ended with flood. The General's town site was engulfed and the farm shrank to a tiny island. In frantic haste the family began to build boats, using lumber stacked at the mill. Happily, before they had to take to these boats, the river began to recede. In the wake of this flood came fevers and agues. In the Larimer household two well members were looking after nine who were ill. Then the Larimers concluded LaPlatte was not a good town site.

Their next home was about two miles back in the hills, on

other claims staked out by General Larimer. Thereafter they moved to Omaha and comparative luxury. A house had been framed in Pittsburgh, knocked down, and sent out to them by steamboat. That early example of a prefabricated house was set up in Omaha on Cass Street, between Eighteenth and Nineteenth Streets. History and social progress were made in that house at its first site in Cass Street. My mother and her brothers especially remembered one afternoon when the parlor was filled by a gathering of influential people who there organized the Republican party of the Territory.

In the next winter, 1857-58, the General decided that Leavenworth, Kansas, offered him better opportunities. A few warehouses on the bank of the Missouri River at that time were the basis of a community then known as Westport Landing, which in time was to grow up to be Kansas City. Leavenworth, however, seemed then a far more promising place. The whole region between Leavenworth and the mouth of the Caw River was inhabited by Indians: Shawnees, Wyandottes and Delawares. The white settlers, however, trembled more from fear of each other than from fear of Indians. Habitually, men carried at their belts pistols and bowie knives, so bitter had the controversy grown between the pro-slavery immigrants and the immigrants who wanted Kansas to become a free state. Nowhere in the whole Territory of Kansas was there yet any railroad nor any telegraph line. The river wharf was the eastern terminus of the bull trains.

When the Larimer family arrived in this turbulent and booming frontier town, my mother's eldest brother, John McMasters Larimer, already had started a banking business and was dealing also in land warrants. One day a man came to his counter who had just arrived from the Rockies. Pack-

aged in a goose quill he had flakes of yellow stuff which he wanted assayed. This man, King by name, said he had been panning for gold on a stream called Cherry Creek, which emptied into the Platte River up in the mountains. Actually what he carried in that goose quill—though my Uncle John correctly assayed it as gold—was the germ of a city still to be conceived: Denver, Colorado.

Gold fever is contagious. Soon King's account of his experiences on Cherry Creek was being repeated at every landing up and down the Missouri River, and in the backwoods, too. In Leavenworth people were electrified. At first it seemed that hundreds were making preparations to set out for Cherry Creek; however, only a small company of eager and determined men was formed.

My grandfather, General Larimer, had his mind fixed on the establishment of a town. Grubbing gold out of the ground did not touch his imagination nearly so much as did thoughts of all the commerce that would develop if much gold was found in those mountains. At that time the Territory of Kansas extended westward to the summit of the Rocky Mountains. The governor of the Kansas territory was James W. Denver. He knew that out near the western part of the Territory a county called Arapahoe had been formed on paper, and that, later, this county in the wilderness had been abandoned by its officials. So he appointed his friend General Larimer to be treasurer of Arapahoe County and, at the same time, he named two other men to be judge and sheriff there. When the party set out, my grandfather Larimer carried in his pocket the governor's commission.

Into their wagon the party had packed provisions intended to last a year, and many tools and odds and ends which they

thought might be useful. They also took window glass, nails and so many other things as to clearly demonstrate that, as plainsmen, they still were amateurs. Indeed, a man who watched them loading the wagon made the grim comment that a few light pine boards which they were taking along were more than likely to be used for coffins. He was wrong about that. Those boards became the first house of Denver.

Previously, at the Larimer mill in Nebraska, young Will Larimer, the General's son, had learned to drive oxen, so he knew that it took, in addition to the ox-energy, many a slash of whip and many a whoop and cuss-word to roll a wagon westward. After a farewell at home, a number of friends of the Larimers walked with the party out of Leavenworth for several hours to Salt Creek Valley, where they made their first camp. That was not very far, really. Yoked oxen, under such conditions, advanced about two miles an hour, just about half as far as an unburdened man could walk.

They proceeded southwest until they came to a frontier trading post, inhabited by men who traded with the Indians and most of whom had Indian wives. They were now on the Santa Fé Trail. From the site of what is now Kansas City to Santa Fé, New Mexico, that Santa Fé Road was a natural highway some 800 miles in length.

One day on the Santa Fe trail the Larimer party came to a large camp of Cheyennes and Arapahoes. Almost as if their coming had been a signal the Indians, or rather squaws, began to break camp. The women did all the work of striking some 250 lodges, of fashioning lodge poles into travois and attending to the details of organizing their people and their droves of ponies into a caravan. The Indian caravan and General Larimer's party, although they practically traveled

together, ignored each other's existence. The party was more or less caught in the traffic of this migrating band of Indians until the whole caravan made camp a mile short of Bent's Fort.

By that time the Larimer party had seen and smelled enough Indians to last them for a while and went two miles farther on before making camp. When they had journeyed five hours beyond Bent's Fort they got their first sight of the mountains. They quickly realized that what at first they had thought was a distant white cloud was Pike's Peak! They reached the headwaters of Cherry Creek November 12, 1858, and, four days later, they arrived at its junction with the Platte River. They had been traveling 47 days.

General Larimer immediately "claimed" a town site and within a week had organized a town company. The first intention had been to name the town Golden City and that was its name for 24 hours. But then it was determined to name it in honor of James Denver, Governor of the Kansas Territory who, unknown to them, already had resigned his office.

For himself my grandfather Larimer staked out an area which he predicted would be the site of Colorado's capitol, and he was right. Unfortunately, however, both his claim and that of his son were "jumped" the following winter, while they were in Leavenworth. This was disappointing, but he acquired and held other land in Denver, and during more than five years was closely associated with its development.

Most of my grandfather Larimer's Denver property and that of my Uncle William Larimer, his son, was sold before they died, but at least two lots in Denver remained in Larimer hands until 1906, when my father, acting for my mother's

elder sister, Mrs. Thomas Mifflin Jones, sold them for \$100,000. Thus, eventually my grandfather Larimer's Colorado adventuring benefited my friend and first cousin, William Larimer Jones, who, like me, was named for the General.

My grandfather was unwilling to bring his whole family so far into the untamed west as Arapahoe County. So after several years, he finally returned to Leavenworth, intending to spend the rest of his days there in relative comfort as a merchant and farmer. But that was impossible for him with the Civil War going on. So back he went to Denver, having been commissioned by the Honorable J. H. Lane to raise troops in Colorado for the Union Army. After months of recruiting soldiers for the Third Colorado Regiment, he returned to Leavenworth and continued his recruiting work there. When he was 54 years old in 1863 he was mustered into the service of the United States Army with the rank of Captain. Before the war's end, he saw considerable action.

General Larimer blazed with ideas all the time and it amazes me years later to realize how in his imagination he truly pictured a city where there was only mountain wilderness.



CHAPTER VI

Telephones And Guns

My mother never lost touch with the West. It was her custom to go to the home of her parents at Leavenworth every summer, and in her desire to inculcate the West into me she took me there in my sixth summer. I remember the trip very well. Instead of taking a river steamer at Pittsburgh—as she had done in her childhood—we began our journey by plunging into the smoke of the railroad station in Pittsburgh.

My father, holding my hand in his, led me, as a part of his farewell, along the plank platform from end to end of the train, and gave me a chance to become acquainted with the throbbing locomotive. Its boiler, banded with strips of mirror-bright brass was polished as brilliantly as a pair of Sunday shoes. Its smoke-stack bulged enormously. The Pullman car in which we were to ride in that year of 1874 was still a curiosity and glamorous because of its magnificence. Its floor was covered with blue velvet and the wood-work was marvelously inlaid. Brass had been used liberally in its decoration and each section had, as a final touch of elegance and convenience a private brass spittoon. We went all the way from Pittsburgh to Chicago in that Pullman and then changed for another in which, it seems to me, we traveled by way of Kansas City to Leavenworth.

At the station in Leavenworth Grandfather Larimer was waiting for us in a spring wagon. The General made much of

me, his namesake. Bearded like Santa Claus, he seemed an awfully jolly old fellow. I remember standing in front of him, looking up and listening while he joked with me. His hands were deep in what were called "barn door" pockets, and his beard was so long that from any angle of vision his eyes and nose seemed to be set in gray hair. His voice was probably not melodious, but it seemed so to me, which is not remarkable, because, after all, his oratory had moved people to believe that slavery was wrong and to believe, too, that suffrage for women was right. Even more, he had moved lots of people to believe in the actuality of Denver before there was a Denver.

Unhappily that was my only association with grandfather Larimer; he died in May of the next year, 1875, while my parents were abroad.

After that visit to Kansas I returned to the East Liberty home of my parents and to the constant and very happy association with my uncles and cousins. We have always observed certain formalities in our family and although my attachment to my uncles was like that of a younger brother rather than a nephew, I never quite bridged that short gap of years by calling Andrew William Mellon "Andy." Of course, I am fully aware that, later, when he became famous, he was referred to as Andy by many people—including some who did not know him—but to me he was always A.W. Richard Beatty Mellon, who was only ten years older than I, was called R.B. and my two young uncles in turn called me Will or W.L.

I was still a small boy when my father and his partner, my Uncle Tom, connected our two homes with the mains of a new gas works started at East Liberty by a man named Den-

nison. Thereafter, for some years, the houses were illuminated by gas lights.

One day a wire was stretched from our house to Uncle Tom's house across the street. This was the basis of a telephone system. It had nothing to do with electricity. The tight wire was made to vibrate like a violin string by any sounds striking a thin disc of metal, part of a box-like wall instrument that hung in our hall. Its twin was fixed in the hallway of the Thomas Mellon home.

Another taut wire was stretched clear down to Penn Avenue to their East Liberty lumber yard office. That one didn't work very well, but the other, connecting the Thomas Mellons and the James Ross Mellons, worked amazingly. There was nothing to "hang up", no way to suspend telephone service. That infernal thing parroted every sound made in any room where it had a tentacle.

I remember still the mischievous delight with which I overheard in my father's house a squawking as of several Donald Ducks whenever my kinsfolk across the street unraveled some family situation. Generally I found most fun in hearing the scoldings given to my younger cousins, Thomas and Edward Purcell Mellon, the sons of my uncle Tom. Uncle Thomas was an upright man and when the boys transgressed any rule of his he would make a row. Thanks to our fiendish telephone I could hear the whole of it and so could anybody in our household. In those days I felt very superior to my cousin Ed because I was seven years older. But undoubtedly they had their satisfaction through hearing what went on in our home whenever I was scolded.

Before we had it very long we were in as much terror of that telephone as if it had been a malevolent demon. A harm-

less comment from some inhabitant of one of the connected houses about any inhabitant of the other became almost an insult because of the raucous quality which it acquired in transmission. Eventually we all agreed it wasn't a convenience at all because between the office and the two houses it failed to be a means of communication and between one house and the other it communicated entirely too well.

Despite this experience we were as excited as anybody when the first real telephone came to East Liberty. It was installed in the police station a block or so from the lumberyard office of my father and my uncle Tom. It was a regular Bell telephone operated by electricity and it was such a curiosity that people were drawn to the police station as if the pull of the magnet in the instrument had been exercised on them.

Fortunately, even that inter-communicating telephone failed to spoil the happy relationships between the Thomas Mellon branch of the family and ours. The two boys were ardent sportsmen and we spent much of our time together in the semi-wilds around East Liberty.

With two such authentic pioneers in one family as my Grandfather Larimer and my Grandfather Mellon there can be no cause for wonder that I have had all my life a keen interest in the out-of-doors, especially in hunting and fishing. My own father hunted a great deal. When he hunted he devoted himself to it and would start out well before dawn, rarely getting home until long after dark. Often he would be away from home several days on end in the hunting season.

There was fair hunting across the river from us, but generally Father's hunting would begin with a railroad journey of anywhere from 25 to 50 miles and then there would be a fur-

ther trip in a horse and buggy of from 15 to 20 miles or so, before he could reach the country he preferred. Some of my earliest recollections are of Father and one or another of his brothers returning from a hunt with sacks filled with game. This was especially true when they had been out after pigeons.

Uncle Tom's devotion to hunting was a passion. His prowess was based on such a knowledge of wild creatures and their habits as entitled him to be called a naturalist. Uncle Tom always had bird-dogs. They were the best he could find, and, because he loved dogs, he got the most out of his. They were beautifully trained, responsive, sensitive creatures, treated by him almost with the same consideration that he gave his family.

Uncle Tom likewise had an interest in guns that carried over when the hunting seasons were finished. How that interest began I don't know; of course, his wife, like my mother, had grown up in the West, in Leavenworth, and his devotion to her and her western background may have sharpened his interest in shooting irons. At any rate, he was a great fellow for guns and collected all kinds. They were kept behind glass in a large case, and in time the collection became quite impressive in size.

Even before I started going hunting with my father, I had learned to shoot up on the ridge back of Grandfather Mellon's home. All the boys I knew had guns of one kind or another. A lot of these guns had been left over from the Civil War; old muskets, chiefly. We did some experimenting, when I was small, with some of those old Civil War guns, loading them up from the muzzles until they wouldn't hold any more powder. We had just sense enough to use a long

piece of string to pull the triggers. That foolhardy play was carried on at the upper end of the garden and usually around Hallowe'en time, when extra devilment was tolerated.


There was so much open country around East Liberty then that we could do plenty of shooting without interfering with anybody else. All the boys I played with hunted rabbits, quail, grouse and other small game. In the fall great flocks of reed birds enticed us into the cornfields as they themselves had been enticed by the corn. In that hunting we used smooth-bore Civil War muskets, modified for the purpose. We would saw off a foot or a foot and a half of the barrel of one of those guns so that we could handle it more easily. Loaded with a handful of shot, it was a deadly fowling-piece. We would get a number of birds with each shot. The caps we put on the nipples of those guns were enormous things about three times as big as the ordinary percussion caps that are used in present-day shotgun shells.

Such older boys as James and Marshall Lockhart, Wilson Arbuthnot and a few others went shooting occasionally, but my cousin, William Larimer Jones, was the most devoted to hunting. He and I hunted together habitually as boys and at least once every year for some time afterwards. Another of these boyhood friends and schoolmates, Leonard G. Woods, afterward was associated with me in the street car business and in other business adventures. Then there was Tommy Strickler, who lived next door. His father was a lawyer and sometimes represented my grandfather in legal matters. Henry Wallace, another hunting crony, was the son of a flour merchant. In the flat section of East Liberty, which we named "Frog Town," were other boys, as different from these as Huck Finn was different from Tom Sawyer—and generally

quite as congenial to us as Huck and Tom were to each other. We took our hunting seriously. Any time I went with my father we were up well before dawn, and darkness would find us still afield.

But I think I loved even more our fishing trips. There were plenty of trout in Pennsylvania's streams in those days without anyone's having to stock the streams. One of our favorite places in the spring was a stream that ran along the floor of that same Ligonier Valley where later we had our railroad.

Many years afterwards, up in those hills, Dick was to establish a private country club, for the sole purpose of entertaining swarms of friends to his heart's content. Those who go to Rolling Rock Club still fish for trout, but most of them would be horrified to learn that, in my younger days and in Dick's, when we fished in those same streams, we caught our trout with worms.



CHAPTER VII

Family Railroad

Deep in my memory there are reverberations of the thunderous shattering of peaceful mountain silences that occurred whenever a horsedrawn, country wagon would come rattling over the Greensburg Pike.

I was a boy of nine. That old road was loosely paved with cracked-up mountain rocks. Iron tires of wagon wheels and iron-shod hoofs rattling and cracking over the pavement echoed so loudly that I could hear an approaching vehicle while it was still three miles or more distant from the Loyalhanna Gap where I was posted as a scout for the Mellon family.

In the time that I have in mind, in the summer of 1877, I was having a tiny, yet valid, share in an exciting adventure of the Mellon men. Nevertheless, I was gathering information which was to figure in a decision of my grandfather that marks a point of change from our past. The proposition my grandfather, Judge Mellon, was considering then was in conflict with the meaning of investment as he had understood the word. Moreover, it fell short of being a feasible banking transaction. He was being characteristically cautious when he sent my father out to investigate; and my father was being characteristically affectionate when he took me, the eldest of his children, along with him for companionship.

East of Pittsburgh in the Laurel Hills of Pennsylvania are the Ligonier Valley and the town of Ligonier. Not many miles over the hills from our vacation home,—a farm near Greensburg,—was the Loyalhanna Gap, through which one had to pass to get to Ligonier. This was the region where we were to do our investigating. My grandfather regarded it as a fine valley. He had seen it first under unforgettable circumstances in 1818, when he was only five years old, and had been brought as an immigrant lad by his parents from Ireland into Pennsylvania.

Almost sixty years later, in 1877, when we had become concerned with that same stretch of road, Ligonier still was as much cut off from the world as in my grandfather's boyhood. The only connection of its people with the outside was the rough, historic stone turnpike that passed through the Loyalhanna Gap in the mountain ridge that lay as a barrier between Ligonier and the progress represented by the railroad that ran along the base of the northern side of the ridge. Latrobe was the station on the railroad nearest to the Gap and therefore to Ligonier. The people of Latrobe and Ligonier were linked only by that old roadway.

Although Ligonier and Latrobe were a scant ten and a half miles apart, this venerable turnpike which linked them neither began nor ended with these towns. Actually it reached from Pittsburgh clear back to Philadelphia. Its course wound through a lot of American history.

It had been built first as a military road by General John Forbes in colonial times and was the backbone of his campaign against the French in the French and Indian War that began in 1754. He had built it against the advice of young George Washington, who was then urging instead that they

use an existing road along which Braddock had marched to defeat while trying to take Fort Duquesne—and what is now Pittsburgh.

Since that day a number of my ancestors had traveled over that road. The very first of these was a Negley. My father's mother, as I have already said, was a Negley, and her grandfather, Alexander Negley, had marched with Forbes. In that time the road had been just a route of mud made liquid by November rain and snow. Baggage wagons repeatedly sank to the hubs, slowing the pace of those marchers, some of whom were carrying the already mortally sick Forbes in a litter. After the campaign, which resulted in the capture of Fort Duquesne, this Alexander Negley, my great-great-grandfather, returned to eastern Pennsylvania to fetch his wife and children and bring them back with him to settle near Ligonier.

They had begun farming and were getting along well when the Indians went on the warpath. Many of their neighbors were massacred; but the Negleys, after a narrow escape from the Indians, took refuge in Fort Ligonier. After living through that winter practically in a state of siege they decided to move on, settling next in Allegheny County at a place known as Lawrenceville, which is now a part of Pittsburgh.

I cannot be sure how many of my mother's ancestors came over that same road, but some certainly did. Her people scattered themselves on farmlands right across Pennsylvania from the Maryland border almost to the Ohio; most of them settled in Lancaster, York and Adams counties. As a boy, I knew that I was not only a Mellon, but a Larimer, a Hughey, a McMasters, a Sheakly, a McCurdy, a Creighton, an Irwin,

a King and a McLaughlin. Most of those ancestors of mine had arrived in Pennsylvania in colonial times. They were Scotch (and Presbyterian) rather than Irish, although some of them had been living for several generations in Ireland before coming to America.

Although the Mellons were the last of my forebears to come to America, there were already Mellon kinsmen in the country when my grandfather arrived. By a remarkable coincidence, as this little boy, my grandfather, with his parents, came along this same Forbes road in 1818 in a Conestoga wagon they had chartered back in Baltimore, there was an unexpected and touching reunion of Mellons. Three weeks my great grandparents and their little boy had been traveling in that wagon from Baltimore when they came to Youngstown, Pennsylvania, on this very road. There they learned that just a short distance ahead, my grandfather's uncles, Samuel and Archy, were living in a roadside shanty while transforming a section of the road into a turnpike. The two had a contract to pave it with cracked stone. In his story my grandfather has given a poignant account of their reunion. Thereafter that particular section of the old military road was called the Greensburg and Stoystown Turnpike.

In 1877 a few of the most prominent men of Ligonier were trying to induce my grandfather to undertake the construction of a railroad line between Ligonier and Latrobe. An undeveloped right-of-way ran parallel to the old wagon road. These men had been trying vainly to get a railroad built since before the beginning of the panic in 1873. It would mean everything to the people of Ligonier. Even a ten-and-a-half mile stretch of railroad takes a lot of money, however, and there was scant capital then for such an investment in

Pittsburgh. There was no possibility whatever of selling bonds for such a line in the east, as might have been done with a larger railroad-building enterprise.

Consequently, these men from Ligonier had come to my grandfather, Judge Mellon, who was prominent, widely respected and well-to-do. They had offered him four-fifths of the capital stock of \$100,000, a bonus of \$10,000, to be raised by subscription among the people in the valley, and a mortgage on the railroad for whatever it might cost him to complete and equip it, this mortgage to be paid off out of the net earnings. But Grandfather saw quite plainly that unless there *were* "net earnings" he would never get his money back.

Now Grandfather had a will with more metal in it than is the common heritage of humankind. When it came to investments that jaw of his did not relax any more than the doors of a locked iron safe until his mind had explored every possibility of losing some of his money. He almost never made mistakes when he was paying out money and was habitually careful because he had been brought up in a school where everything was hard, where one had to be careful with money for the simple reason that money was scarce. On top of this ingrained quality of his character he had developed a superb judgment. No amount of talking or "selling" influenced him. He made up his own mind deliberately, soundly. In consequence, he rarely failed to make money out of his investments.

So, while my grandfather found the railroad offer tempting, he was less strongly tempted than were his sons, who were eager for the excitement and glamour of such a venture in that thrilling era of railroad building. They urged it upon

Grandfather, but before committing himself or any money, Judge Thomas Mellon insisted on making a survey of the horse-drawn traffic in and out of the valley. "Survey" has an impressive sound; in reality, it simply meant counting the horses and wagons going in and out of the valley and observing what kind of loads they had. This was something an alert nine-year-old boy could do as well as any man.

So the measurement of the traffic passing through the Gap became my job. That gave me a feeling of dignity and some sense of the fun of engaging in men's work. Day after day, for a week, or possibly several weeks, I was there alone beside the road, while my father was off checking certain land titles in connection with the railroad right-of-way and ascertaining whether the farmers of the valley still wanted the railroad as much as ever.

Half a dozen years before, in the original campaign to get a railroad, a number of the farmers had agreed to help by cutting logs from their own land and dressing them into ties for the railroad. They had promised to haul those ties to wherever they were needed. Had they forgotten? Or lost interest? A part of my father's duty was to find out about these things because, as I say, Judge Mellon never took anything for granted in a situation of this kind. It had to be explored before he moved. I have no doubt that the investigators of the railroad project were naturally disposed to exaggerate a little the volume of traffic in and out of Ligonier. This promoted what I did to a status higher than a chore. I had responsibility. So I counted each wagon with its load of tanbark or logs or farm produce as carefully as if my record was being kept, not for Grandfather, but for St. Peter.

All that passed through, however, was a very small trickle.

My count of the traffic through the Gap certainly provided little excuse for anyone to believe that the building of a railroad line into the Valley could be regarded as a sound business venture. The poverty of the people in their mountainous isolation was nakedly exposed to the gaze of anyone who watched from the roadside. Every day their poor trade with the outside world had to pass in review before me, serving as my grandfather's eyes. Usually the wagons were hauling bark out of the mountains to some tannery, or else rough lumber or corn or other farm produce. There were never more than three or four loads a day.

A two-horse hack made a daily round trip between Latrobe and Ligonier. The average load of passengers was four. Of course, this information inclined my grandfather to say "No" to the proposition but the eagerness of his sons outweighed the negative factors. My uncles Thomas and Dick Mellon were convinced that the very rock of the ridge that walled the valley might take on value when linked by a railroad to outside markets. So intense was their passion for the project that they succeeded at last in getting their estimates of cost down to a figure which Grandfather was willing to approve. To get within the limits dictated by his caution and judgment, however, they finally had to shrink the whole project down to a plan for building a narrow gauge line.

I am sure now, years afterward, that a considerable measure of my grandfather's satisfaction in the business was that it suited and advanced his plan for educating his sons. He believed strongly in the doctrine that the way to develop boys was to arrange to let them experience difficulties and responsibilities in some field of business for which they had a

preference by inclination; and, above all, to let them do this while they still were boys.

In view of what had been done by the Judge for his sons—first for Tom and then for James and then for Andrew—it appears to me that the Ligonier Valley Railroad was something my grandfather entered into largely because of his fourth son, Richard B. Mellon, who was 19 in 1877, the year the railroad was built.

Nevertheless, about every member of the Mellon family pitched in to make the Ligonier Valley Railroad. Of course, what little I did looms big in my mind, but every one of the others had more important roles, even my grandmother. My father, for example, became responsible for the assemblage of the myriads of things that were to be fashioned into a railroad: many carloads of iron rails, of spikes, of fish plates, and I don't know how many hundreds of wagon-loads of ties made out of wood from the surrounding hillside forests. A.W. already was up to his ears in bank work with T. Mellon & Sons; nevertheless, he became secretary of the railroad company and punctiliously fulfilled the duties of that office.

My uncle Thomas, the president of the company, was a competent surveyor, and, before the signing of the contract to build, he had resurveyed every foot of the neglected right of way of the original project—Judge Mellon wasn't taking any chance on that. The great work of organizing swarms of workmen into gangs under foremen and getting the ten and a half miles of grading, bridging and track all finished in the space of two months was kept moving smoothly to a very considerable extent by my young uncle, Dick Mellon, second in command to Uncle Tom.

It was Uncle Tom who went every day to the brewery in

Latrobe and bought the keg of beer. That keg exerted a magic power over the construction gang. Railroad construction laborers in those days were tough, fighting, swearing, drinking Irishmen. To me, they seemed a rude and reckless lot, terrifying when they teased me. Tom and Dick Mellon had promptly and quietly got rid of the few who might have given a bad tone to all, and before long the crews were working effectively and cheerfully. Each morning they saw Uncle Tom with a keg of beer and a cake of ice roped on the back of his buck wagon. He would drive some distance ahead of where they were working and have a pit dug to serve as a refrigerator. The men knew that if they laid the track up to the point where the beer was placed it was their beer. Consequently our railroad track was built fast.

My father had bought a second-hand passenger coach, worn in appearance. But, after it was painted, we made it almost elegant by giving its seats new blue plush upholstery. This refurbishing of the rolling stock was the work my grandmother supervised.

Sixty days from the driving of the first spike the first train rolled out of Latrobe for Ligonier, where such people of the Valley as were not on board were gathered at a not-yet-painted station to give it a welcome. If that "mixed" train, consisting of one passenger coach and our only freight car, hauled by our lone engine, had happened to plunge into some catastrophe on that thrilling trip, it would have been the end of the Mellon family's history, I do believe. For we were all aboard, scattered all the way from the engine cab to the rear platform. My grandfather, as the backer of the enterprise, had a place of honor aboard the train, and Grandmother sat beside him. Uncle Tom, the president, naturally was a con-

spicuous passenger. But the great man aboard that day was Dick Mellon. He wore a leather-visored cap and across the front was embroidered in heavy gold thread a one-word badge: "Conductor." Dick ran the train!

From that day forward the railroad line and the region it served became the charge of Dick, who was as devoted as a mahout to his elephant; an endless succession of problems of the Valley seemed never to be out of his mind, night or day. He grew to love his responsibility as anyone comes to love a thing for which he voluntarily slaves. Dick became the railroad's manager; but, despite that high office, I have seen him work himself into a lather loading baggage. He sold tickets also; and he learned to operate the brass telegraph keys at the stations. The best sight of all was to see this gentle-hearted but really bold and adventurous young man when—twice each day—he put on his conductor's cap and waved a starting signal to the engineer, a long-legged, tobacco-chewer named Sam French. Sam was competent, but I thought him cold. I could ride on the engine any time I wanted to do so; but, because of the engineer's frigid disposition, I had to sit by the side of the fireman, Tom Dunlap. After a while, by minding my manners, I succeeded in thawing out that frosty old engineer, with the result that, one summer's day, Sam French let me sit at the throttle and run the engine—although not very far, I must admit. Running that engine was his job and he was just as much in earnest about it each time he made the journey between Latrobe and Ligonier as if he had been running a rocket ship to Mars.

In the first year the business was none too easy, but we licked problems as they developed. We soon got a second engine, so that if a cylinder blew out on one we could go on

operating with the other. Sam, the engineer, was, in practice, superintendent of motive power, master mechanic and round-house foreman. In other words, he kept the engines fixed. The schedule was a sacred thing to old Sam French, just as it was to Dick Mellon, who, in later years, used to delight in telling about one amusing delay of the train at a flagstop in the hills.

As the daily train came along, an old farmer stood between the rails and waved his hat. When the engine stopped, Dick, dropping down to the roadbed, prepared to help the countryman aboard. But the old fellow resisted and Dick exclaimed impatiently: "Get on, get on!" The farmer, pulling away, said: "I'm not going any place. I hear the preacher is on the train this morning. I just want to speak to him." As the train left, the dragon-snorts of steam from the engine were as nothing compared with the profanity coming out of old Sam French.

Management of that little railroad was no small job. Eventually Dick had to establish rates that would create earnings without also creating bad feeling in the area which the railroad served. Because of his concern for freight, he had to help nurture every tiny sprout presaging business, to assist in any way he could the further development of all projects for new industry in the valley and in the mountains roundabout.

Shipments increased month by month: bark for tanneries and lumber for mines, and, especially, pit-posts for coal mines. Eventually, the Ligonier Valley Railroad sprouted branch lines to reach the pit-mouths of new coal mines which would have been futile enterprises if they had been opened and worked before the railroad existed. On the ridge, about

one-third of the way down the line from Latrobe, a big stone quarry business developed after a while. The firm of Booth & Flynn produced for years an almost endless flow of "Belgian" blocks, which went to pave the steepest streets in Pittsburgh and other hilly towns, and to pave the space between the rails of street car lines. I myself when I got into the street railway business, bought many carloads of those Belgian blocks. They produced for many years a good revenue in freights for our little railroad.


When I was sixteen I became the station agent at Idlewild Park for the summer. This park then belonged to the prominent Darlington family of Pittsburgh. For a while we leased it and eventually bought it from them. To create business for the railroad the Mellons were striving to make Idlewild Park into a popular summer resort. After experimenting, it became clear that it was an ideal place for camp meetings of church groups. The Pennsylvania Militia also camped there, but the religious camp meetings fixed the tone of this resort.

I worked there all through one summer vacation period. Others in the family were rounding up business for the resort, but it was I who sold all the tickets, handled all the baggage and received all the telegraph messages, in addition to serving as agent for the Adams Express Company. The express work was exacting. Each piece of express goods arrived or departed with its retinue of papers and each paper had to be duplicated on tissue in a letter press which took its indelible ink from the original when the latter had been covered with a moist cloth. If I made an error I made it indelibly!

The tickets sold by me often involved really long journeys

for passengers and the baggage I checked had to go equally long distances and the telegraph messages were sometimes long and the words in them big. In addition to this, I was the train dispatcher insofar as Idlewild Park was concerned. I learned so many more things during those summers than I had learned in the winters that my impatience with school, after I had become 17, was well-nigh intolerable. A year or so after I surrendered the job, I was succeeded by my Uncle Tom's son. Edward Purcell Mellon was still wearing short trousers when he took over at Idlewild Park.

What was going on there during those years was regarded as so important that Uncle Tom determined to have a second summer home right there near the station. Occasionally our family occupied it, too. It was just a cottage with a lean-to kitchen and upstairs a dormitory which could be divided into cubicles by curtains strung on wires.



CHAPTER VIII

Mammoth Cave

A year after the first train was operated on our railroad, my father and I set out for Youngstown, Ohio. We were shopping for a locomotive. Dick Mellon had convinced the others that the Ligonier Valley Railroad simply had to have a third engine; and my father had heard of a narrow gauge locomotive that was for sale. It was at a railroad construction camp outside of Youngstown, Ohio, and belonged to a contractor who had been using it on "fill" work during the construction of a section of the new Pittsburgh & Lake Erie Railroad. This road, which linked Pittsburgh and Youngstown and was destined to bring an industrial awakening to the whole Mahoning Valley, thereafter became known as "the Little Giant." Although it ran through a hilly country, the engineers who laid it out had achieved a lasting economy of operation by building an extraordinarily level road. From Pittsburgh out to Saw Mill Run this railroad ran along the frequently flooded bank of the Monongahela River on high trestle work.

I remember that when we railroad builders, my father and I, made our trip in November, 1878, it was just before Thanksgiving and all that trestle work was new, unpainted, clean lumber. Riding over it dizzily high was an experience in faith. A part of our thrill that day arose out of the fact that we had traveled over the line in a passenger coach be-

fore a regular schedule of passenger trains had been established.

We got off the train at the contractor's camp outside of Youngstown. My father wasn't pleased by the locomotive, however, and brought me on into Youngstown and turned me loose for a while with strict instructions not to wander from the station. This, too, was a brand-new part of the brand-new Pittsburgh & Lake Erie. The platform planks were freshly milled and white except where the prints of many shoes was inking it with an appearance of age. The network of railroads we now take for granted was developing then in an atmosphere of wonderful expectations. It was akin to the planting of strange, unfamiliar seeds. Everybody knew something would come of it and everybody was thrilled by the ingenuity of railroad builders, took pride in their equipment; but nowhere was there anyone with sufficient vision to see the glory of the future.

That we might travel farther than Youngstown was not a part of my father's intention when we left Pittsburgh and we brought scarcely any baggage; as I recall it now, not even a change of clothing. But an occurrence there changed my father's mind. I was cherishing that day a newly-minted fifty-cent piece, a great prize. There was delight in just looking at it. When that palled a little, there was excitement in juggling it, tossing it into the air and catching it. Of course I dropped it; and then, fixed in horror, I watched it roll, as if controlled by some fiend, directly into a slot, the space between two planks. By putting my eye to a succession of cracks I discovered where it had lodged. Possibly a yard below me, where light passing between the cracks of the station plat-

form formed a streaky pattern, I could distinguish that half-dollar. It gleamed amid the debris of shavings, chips and dried tobacco quids that made up most of the nether world below the platform planks. Spikes thicker than my fingers held all those timbers and planks fast. There seemed absolutely no way to get underneath that platform.

Finally a reconnaissance made in desperation brought me to the far end of the structure which, of course, was designed to be longer than any train. At a shallow flight of steps there, I found an opening: the space between the tread boards was not closed. Before starting my rescue expedition, however, I had sense enough to mark the spot where my coin was lodged by pushing a stick through the side of the platform as a kind of signal to myself. By crouching, creeping and crawling I made my way under the platform through that cavern of planks, over uneven mounds of dirt, sawdust, and other litter. I recovered my coin.

When my father returned and saw my grimy face, hands, and disheveled clothing, he scolded me. But when he learned what had happened and what I had done his feelings changed. At any rate, he decided that we need not go right back to Pittsburgh. Instead, we'd go to Cincinnati and from there on into Kentucky, straight to the Mammoth Caves.

The wonderful part of going on a trip with my father was that something in his disposition kept him determined to savor the essence of his experiences. Of course I wanted to ride on top of that old Concord coach that met the Louisville & Nashville train at a station a few miles from the caves. So, up we climbed because my father was just as much of a boy about such things as I. After seven miles of that trip my spine suddenly tingled. An old Negro footman in shabby

livery who rode behind us had, near his black hand, the brass bell of a yard-long trumpet that protruded from a basket sheathing. Just as we came in sight of the Cave Hotel he put this horn to his big lips and heralded us with a musical flourish.

In Pittsburgh, Mammoth Cave often was a subject of conversation and of newspaper articles because it was regarded as one source of the enviable wealth of a glamorous figure. Miss Mary Croghan, a local heiress, had eloped from a boarding school in Baltimore with an English army officer, Captain Edward W. H. Schenley, and had gone with him to England. Her angry family succeeded in arousing anti-English feeling sufficiently to get a law passed by the Pennsylvania legislature that prevented the foreign bridegroom from exercising any control over his bride's fortune. She was the daughter of William Croghan, Jr., the eldest of five sons of a distinguished soldier of the Continental army.

It was the second son, her uncle John Croghan, who had brought the caves into the family. He had studied medicine in Philadelphia and had gone to Edinburgh to pursue his studies in anatomy. The legend is that he was so often asked in the Old World about the Mammoth Caves in Kentucky, where he had been born, that he bought the caves when he came home. This man had died a bachelor in 1845, leaving his estate, including caves, in the care of trustees to be managed for his nieces and nephews, of whom Mary Croghan Schenley was one. As it turned out, in spite of all the furor over her marriage, her benefactions to the people of Pittsburgh have resulted in making the name of Captain Schenley much better remembered than the name of Croghan.

Most tourists, I suppose, after one visit leave Mammoth

Cave and then go on about their business. But my father was a different sort of tourist. That underground region was something he wished to take into his mind the way a thirsty man drinks. So we went into the caverns day after day and were never bored for a single instant during a whole week. Each day's trip became a sort of invasion of infinity. The silence was gripping and the adventure timeless. In a crude rowboat, square at bow and stern, and with a Negro guide at the oars, we would explore. Our lights made the river water transparent as air and our lamps seemed to have a power for which I had no word then. Now I would say that on those creatures that lived in the cavern waters, eyeless fish resembling catfish, our lard-oil light fell like X-rays. In their element, in which they seemed to swim as if suspended in air, they were quite transparent. They had no vestige of an eye and to me they seemed likewise heartless for they ate each other. The Negro guides, only a dozen years out of slavery, sometimes played terrifying tricks on us. It was said that anyone lost underground for as much as two days would go helplessly insane. Time and again the guides would hide themselves and their blessed lamps leaving us to imagine ourselves hopelessly lost in blackness.

Father was charmed by the guides, both the white men and the colored, and above all by one of them who no longer lived. This was a man who had been a sort of genius of the caverns, a slave named Stephen Bishop, half Negro and half Indian, according to the legend. He had been dead 20 years before we came. But our guides spoke of Stephen each day in a manner that suggested they believed he was still guiding people on the sly. His natural talents had been developed through association with more experienced men who had

come to see the caverns under his guidance. Twenty years after his death his personality was imprinted on that establishment, the Cave Hotel, as indelibly as the print of the hoofs of long-dead oxen were preserved in the cavern floor where long ago the mud had changed to stone.

I was full of curiosity about Stephen Bishop, whose grave had only a cedar tree to mark it. My father declared right there that he would have a stone properly carved for the grave of Stephen. Later, after we had returned to Pittsburgh, he arranged for the carving of the stone and had it shipped back to Mammoth Cave.

Everybody who went underground with us on our final day was in a festive mood, for it was Thanksgiving. We were still entranced; we hungered for more of it. All its weirdness seemed to me appropriate to Kentucky. Then, as we came out of the caverns for the last time, we encountered a bearded old man. I wouldn't swear now that he wore a coonskin cap, but in every other feature he seemed to be the spirit and image of Daniel Boone.

He carried a squirrel rifle with a long octagonal barrel. In a dirty hand he clutched the scaly feet of a wild turkey which he had shot that morning. That trophy looms now in my mind, after all these years, as just about the biggest turkey I ever saw. Many men would have led a little boy right past that turkey, but not my father; he induced the old Kentuckian to sell it to him.

In the hotel dining room that day, sensing what was underneath the floor—those caverns stretching in all directions, limitlessly, a place rich with potential adventure—and with that big wild bird to eat, and with my father there to make sure that I had just the parts I wanted—life was exactly right.



CHAPTER IX

Pet Buffalo

That kindly act of sending a stone for the grave of a Negro guide whom he had never seen was characteristic of my father, who was heavily charged with sentiment. I remember many things he did to express his feelings. There is, for example, the little Irish cottage of stone and thatch, now half lost in shrubbery in the back yard of the Negley Avenue house. It is a replica of the one in which my Grandfather Mellon was born at Castleton, Ireland. My father and I made a pilgrimage to Ireland during my boyhood. On the greatly-altered, houseless site of my grandfather's birthplace I found in the mud an actual stone from the old home. Father put it in his trunk, brought it back to Pittsburgh, and incorporated it in that cottage in our garden. On pleasant afternoons my mother used to serve tea there to her friends.

There may be no strong sentiment attached to the cast-iron deer in the yard of our Negley Avenue house, nor to a piece of sculpture there, representing a huntress, probably Diana, with a bronze arm poised to thrust a spear into a lion clawing at her horse's throat. Yet these things help to mask the almost unbearably poignant quality of another souvenir. This is a child's playhouse, nearly half a story high, embellished with scroll, all its timbers now half rotted. It has kept alive all these years the memory of my little sister, Sadie.

I can remember when that playhouse, a gift from my father, was delivered to our house. I was playing in the yard with some other boys when it arrived. That miniature house, I recall, had come from a big mill up in Michigan which shipped us a lot of lumber. Sadie enjoyed this playhouse only a short time. An epidemic of diphtheria swept through the Pittsburgh area. All of us came down with it. I nearly died; and little Sadie did die. From then on that playhouse took on the quality of a memorial until, on September 17, 1887, it was freshly dedicated to a new mistress. On that day my sister Sarah Lucille Mellon was born. Naturally there followed years during which the playhouse was again the rendezvous of all the little friends of my young sister. Today she is Mrs. Sarah Lucille Mellon Hasbrouck and lives in a community near Philadelphia on the Main Line of the Pennsylvania Railroad. At Berwyn, in Chester County, Pennsylvania, she has a farm which she ably manages. For many years she has had a keen interest in horses and hunting and regularly rides with the Radnor Hunt Club. In 1909 she was married to Alexander Dickson Grange of Philadelphia. He died in January 1915 when their little daughter Alexandra was not quite three months old. In 1920 my sister was married again, this time to George Sharpe Hasbrouck, Jr. of New York City. He died in November 1942. My niece, Alexandra Mellon Grange, who in the family is called "Alix", has made a useful place for herself as a social worker in Washington, D. C. But even Alixe appeared in the world in time to enjoy some make-believe hours in the old playhouse that first had belonged to my little sister Sadie. Eventually it became an unsightly thing, yet its removal would have been unthinkable so long as my parents lived; and

thereafter my bachelor brother, Tom, watched over the playhouse until he died. This brother of mine, Thomas Mellon II, who was named for our grandfather, Judge Thomas Mellon, died there in the old house on August 8, 1946. Tom differed from me in that he was a natural student. He received his preparatory education at St. Paul's School and in 1900 he was graduated from Harvard Law School. From childhood on Tom's health was poor and this accounted for his early abandonment of the practice of law and his complete devotion thereafter to certain hobbies. I knew, of course, that he was greatly interested in cathedral architecture, but I was astonished and deeply touched after his death to find among his effects many fine sketches which he had made of parts of English cathedrals. Here was an expression of a talent that he had certainly inherited from our mother yet I had never suspected that this power lived in him. Tom had another hobby which reflected this inheritance. He took great satisfaction in designing stained-glass windows that were in keeping with twelfth century standards. Whenever he was especially pleased with some design he would have it executed by competent craftsmen and then make a gift of this window to some Christian congregation for its church. He repeated this kindly act so many times and for so many churches that I long ago lost count. To me it was a perfectly natural thing that Tom should have lived in the past watching over that playhouse and kindred things to the end of his life. In his devotion to such things he was like my father.

Eventually, my father built a truly beautiful memorial to my Grandmother Larimer at Rachelwood. There he planted lovely trees and gardens around his summer home. My

mother, to the core of her being, appreciated and responded to my father's extraordinary memorials. Late in life she wrote: "Among the homes dear to my married life is . . . the mountain home at Rachelwood, named in honor of my mother. My sentiment for this home, built in the primitive forest where never a house had stood before, is very intense, and it is my wish that whatever befalls me, this place may remain in the family for generations to come as a memorial to my mother."

So all of the pains my father had taken to create that place (after I was grown) were worthwhile. There were numerous Rachels during successive generations of the McMasters family in Pennsylvania. Although Rachelwood was named for my Grandmother Larimer, clearly father's planting and building there were an expression primarily of his devotion to my mother, who also was named Rachel.

When I was a boy and Rachelwood had not yet come into existence, our summer home, known as the Sneider farm, was three or four miles west of Greensburg. The families of my father and Uncle Tom used it turn and turn about during the summer. Sneider, the farmer, continued to live on the place as a superintendent. There we Mellons were in touch with Pennsylvania as it had been in Grandfather's boyhood, a land only partially tamed. We had there a ten acre park in which there were captive deer and—what one would never expect on a Pennsylvania farm—a buffalo. It was a grand place for a boy.

Even there I had work to do and Uncle Tom's younger boys, too, were obliged to work there later on. When we were harvesting wheat or rye or cutting hay, it was my job to carry water to the harvesters. They did not use machines but great

scythes, with cradles—and they drank an awful lot of water. I got the water from a spring at the base of the hillside. I was going barefooted all the time, and, naturally, I used to go not through the grain but across the stubble. If there is a hell I'm sure it is provided with stubbled fields across which you have to walk in your bare feet. The buckets were so awfully heavy that I could handle only one, although my uncle, George, would brag to me that he could carry two. They were big tin buckets from the milk house and we used to put several handfuls of oatmeal in each, on the theory that an overheated man wouldn't get cramps from drinking cold oatmeal water. To me it seemed as if each one of those men consumed as much water as a fire engine.

I always had chores to do, but I had as well a lot of fun. We enjoyed ourselves in spite of the fact that the old Sneider house was generally supposed to be haunted. Since my mother was deeply interested in painting, a good many of our guests were really capable artists whose work and personalities she admired. One of these, a gentleman from Philadelphia, scoffed at the idea of the haunted house; but one night his terrified yells woke us all, and I, who never had scoffed, found myself in the darkness screaming too. Our guest who had been so bold about ghosts in daylight had heard horrible sounds right in his room. He described the noises as "the beating of devilish wings."

Before anyone would go back to bed there had to be a careful investigation. The result was the discovery in the big pitcher on his washstand of a bewildered bat. That was how we learned that a family of bats was domiciled in the chimney of this old house. Of course, the bats accounted for all the mysterious night sounds—sounds that were supposed to

be ghosts walking and murmuring, and what my father called "the damndest noises."

Old Sneider himself was queer enough to scare anyone. He could charm snakes! He had all sorts of peculiarities but this particular one of charming snakes endeared him to my Uncle Tom, who was a naturalist and never tired of nature studies. In the back yard of the Thomas Mellon house in Negley Avenue there was an enormous cage, an aviary really, containing a variety of birds. Uncle Tom's interest embraced snakes as well. So he was especially pleased with our summer home because the caretaker was a man who dared to pick up a rattlesnake. I have no explanation for that even now, but in my memory I can see the big white beard and cold blue eyes of old Sneider as he would reach slowly down, pick up a deadly snake, tuck it inside his shirt and not be harmed. There was some mysterious affinity between Sneider and the snakes. Many a time I have stood rooted to the earth as a pet snake of his crawled out of his shirt collar and looped itself about his neck. Several times Sneider gave me a snake for a pet, but it was invariably of some harmless species.

Much as I enjoyed the deer in the park and watching old Sneider taming snakes, the thing I liked best was the buffalo, which had become a great—although unapproachable—pet of ours ever since his purchase by my father and Uncle Tom. Their office at the lumber yard in East Liberty was close to the stockyards of the Pennsylvania Railroad. A few buffalo were being shipped from the West to the Philadelphia Centennial Exposition in 1876, when my father saw them in pens there in the Pittsburgh stockyards. He and Uncle Tom became fascinated and bought a really fine specimen.

This shaggy, hump-backed beast first appeared in the or-

chard of our home in Negley Avenue in the company of a herd of cow companions. Out of his lustful desire to be with them he had been beguiled up from the railroad yards and through the gate into the apple orchard back of our house. Thereafter, he was fairly tractable so long as he had domestic cows around him. As we always kept cows, he could be moved from place to place by this curious strategy based on his nature. He browsed quietly in the orchard with his tame harem, until, with them, he was driven some 35 miles over the Greensburg Pike to our summer home.

Thanks to the cows the buffalo rarely was obstreperous. But none took liberties with him, although he never molested anyone who simply entered his pasture. However, it was wasteful to have so many cows wandering in that park entertaining the buffalo rather than giving milk, so old Sneider kept experimenting. Several times he took the cows away in the vain hope that the wild beast had settled down. Each time the buffalo would go on a rampage. In his final outburst the lonely animal crashed the park's heavy, eight-foot wooden fence and went galloping away. When he ran the earth shook. For some reason he charged through the door of a one-room schoolhouse nearby. Teacher and pupils, girls and boys of all ages, shrieking and yelling, went scrambling out the windows. Soon after that my father and uncle made the best of a bad bargain and sold the buffalo to some men who were planning a barbecue at a German beer garden and picnic ground in Pittsburgh called Schuetzen Park.

So the buffalo, again escorted by a few cow companions, was headed west over the Greensburg Pike. At the time, we were back in East Liberty. I knew he was coming and sadly went to Penn Avenue to say goodby to him. It was just getting

dark when he finally appeared. After slogging along on that cracked rock for 35 miles, his head was down and his tongue was lolling. Yet he still had more miles to go to the place of sacrifice. That was the last time I saw him.



CHAPTER X

Dakota Territory

My approach to the land boom in Dakota Territory began as queerly as Alice popping down the rabbit hole into Wonderland. This trip "out West" was in the nature of a birthday present because I had just turned fifteen on the first of June, 1883, when school closed. So, my father arranged for me to go out to Bismarck and work for a while for his younger brothers, my uncles, Richard and George Mellon.

The Northern Pacific was a new railroad then and the newness of it was apparent almost from the time I left Chicago. At St. Paul I had to spend a day before I could resume the journey. The next stage of the trip took me to Fargo. That was an overnight ride and the train was uncomfortably crowded with "boomers" bound for Dakota. But while many of us had waited in St. Paul, a commission, meeting in Fargo, had taken from Yankton the glory of being the capital of Dakota territory and conferred this prestige on the town which was my destination, Bismarck. As we all rushed from the train to the hotel in Fargo, hungry for breakfast, the whole company of passengers first heard about this development. Seemingly everyone then decided to make Bismarck his destination. I wolfed my breakfast because I realized that if I was going to get any sleep on this next night's train ride, I would have to hurry. Even so, when I got to the little railroad station, I was still a long way from

the ticket window. Unable to press into the crowd, I got down on my hands and knees and crawled through a forest of dusty, booted legs which supported the mass of humanity above me.

That brief expedition on my hands and knees really initiated me into the West. I have no idea who may have been in that crowd but by their boots alone one could have told that this gathering was a suitable one from which to take a cross-section of American society. There were many pairs of heavy, unpolished cowhide boots, as well as inappropriately thin and elegant leather shoes of eastern dudes. Yellow stripes on blue-trouser legs identified some of the highly-polished black boots as those of U. S. cavalrymen. From the bottom of some of the neatly-creased trouser legs emerged shoes with long pointed toes. But down where I crawled it seemed as if nearly every one of these people chewed tobacco. When I was only one pair of legs from the ticket window wall, I rose up just as if I had been there all the time. I got a berth!

In Bismarck the next morning Dick Mellon, appearing strange behind a new moustache, greeted me as I got off the train, and took me directly to the newly established Mellon Brothers Bank, where I was given a second welcome by my Uncle George. He, too, my old playmate, now had a moustache. George was thin, but already healthier than when I last had seen him. In an interval of weeks he had become a Dakota banker and prairie farmer.

The new bank was on the main street, housed in a one-story, frame building of store width. Actually it might have served equally well for a store or a saloon. Indeed, the bank did not occupy even all of the one-story structure. Along the side of the frame building there was a boardwalk which



MELLON BROTHERS (RICHARD B. AND GEORGE MELLON) BANK
AT BISMARCK, N. D.

led to an awninged entrance at the rear where some other business was established. But the front was really elegant. At each side of the double door was a plate glass window of imposing height. In the doors themselves near the top were square blue panes of glass. People believed in blue glass for health then as today they believe in vitamins. Suspended across the front of the building was a black and varnished plank with rounded ends. On this was carved and gilded the legend: "Mellon Brothers." Underneath, wide as the doors, was the word "Bank". The top of this sign was level with the roof of the one-story building, but rising half a story higher was something characteristic of all western boom town ar-

chitecture—a false part of the façade which pretended to be a second story.

The banking business and land investments were secondary considerations in this Dakota expedition of my two uncles, George and Richard Mellon. Actually it was part of a seven-year Odyssey during which the family was incessantly concerned for George, whose health was impaired.

In 1880, three years before, when George was 20 and had finished his schooling, he had appeared to be in sound health although somewhat frail. The Judge, George's father, to get him started at some employment, had invited him to engage in house-building and to dispose of some vacant property he wished to sell. George worked hard and effectively at that undertaking. But in the following winter he caught a bad cold which he failed to throw off. However, it had been supposed, even a year later, that his lassitude was simply a persistent aftermath of the cold.

Then, in the spring my grandfather was obliged to go to Kentucky to buy horses for his street car line, the Pittsburgh, Oakland and East Liberty Passenger Railroad, and the Odyssey began with that trip. George, for the sake of his health, accompanied his father. From Kentucky they went on into Missouri, where on horseback they examined some "wild lands" which the Judge owned out there. From that expedition George returned remarkably improved.

In a little while, though, distressing symptoms recurred. Each day he would have a fever. So again the Judge started off with his youngest son for a stay in the open. This time they went into West Virginia to examine some 20,000 acres of coal lands, the Loope Creek estate, a short distance below the fall of the Kanawha River. As they went over all this land on

horseback, they were in the open for many days. Again George's health seemed to improve and when he got back home he resumed his work in the house-building business. However, in a little while, the family were in despair. An examination by physicians in Philadelphia had resulted in a dismaying diagnosis. George had consumption.

The whole family was terribly saddened by this news for we were all bound to one another by the strongest ties of affection. Thereafter, George contended with his baffling affliction in a variety of supposedly salubrious climates, in this country and Europe. Always during this enforced exile he had the companionship of one or another of the family. Incidentally, Dick Mellon developed a lasting attachment for Aiken, S. C., out of his tour of duty there.

In 1883 my patriarchal grandfather fixed on Dick the task of further carrying on this relay Odyssey on behalf of George. This time George was to be taken "out West." None of us, Dick included, believed that George could ever return to Pittsburgh for a long stay; consequently, should George have to live in exile, some one of us would need to share that exile. Dick had been chosen—and Dick accepted this situation. That's the kind of a family we were.

Dick, whose judgment in business matters became extraordinarily shrewd, to the end of his life delighted in recalling a mistake he made in the beginning of his western experiences. They had gone first in the spring of 1883 to Winnipeg, but Dick decided promptly that Winnipeg had no future! So he bought tickets to Bismarck, which was as far as they could go on the railroad then. It so happened, however, that Dick and George found Bismarck a place enormously to their liking. A love of hunting and fishing was in

the blood of these two young men who found themselves living in a community where they could carry on several kinds of business along with farming activities and yet manage every day to hunt anything from ducks to deer. They had been there only a short while when I arrived, but already they had a bank and a real estate business going and were preparing to plant a full section of land to wheat.

My mission out there had a purpose aside from satisfying my yearnings for the Wild West and the natural hopes of my parents that I should grow bigger and stronger in the out-of-doors. I was to be Dick's alternate as George's companion.

Four miles out of Bismarck my two uncles were preparing to bring a section of wild prairie into cultivation by the time I arrived. Our shelter on that treeless prairie wilderness was a tent.

In setting down his thoughts about George's illness during the progress of this Dakota experiment, my grandfather wrote in his book: "I still retain the hope that robust health and vigor will restore his [George's] desire and capacity for regular employment. But however that may be, or should his health not be so fully restored, I rely upon his good common sense to restrain him at all times within the bounds of his income." As a boy in a family where such matters were given profound consideration by its patriarch even when death was stalking there was no possibility of my loafing during my stay in the West.

My job was to watch the herd, sometimes by night and sometimes by day. Most of our cattle were the oxen being used to turn over the prairie sod. Six yoked together would pull two plows. But we had to have an awful lot of oxen because each grass-fed animal could be held to that grueling

work only a short time at a stretch, and the drivers frequently changed exhausted animals for fresh. Possibly because they were tired or possibly because it was their nature, the oxen were content to graze where they were turned out. But our cows were full of whims; and just one old brindle cow, when taken by a notion to go somewhere else, could give me a lot of trouble. If she started walking straight away from the herd, the other creatures were apt to follow. We kept those cows not only for the sake of their milk, which was held to be important in George's diet, but also with an eye to the future and the renewal of worn-out oxen. Only a part of the time did I have a horse to ride, so I had to do a lot of walking because the herd could drift far in an ocean of prairie and frequently went astray. Near the horizon were enormous fields of green wheat to tempt them away from our square mile of "home."

So long as he lived, R. B. defended, in his Pittsburgh household, certain souvenirs of his life out West. His wife, humored in most things, had to tolerate in her beautiful home objects which all her women friends regarded as atrocities of decor. One was a hatrack fashioned out of mirrors and buffalo horns, which had to be endured in the reception hall of what was unquestionably one of the most beautifully appointed houses in Pittsburgh. No argument, no pleas, ever alienated Dick Mellon's love for that hatrack. Another memento of his life out West, a weird example of the craft, rather than the art, of taxidermy, was half of a buffalo head. That trophy had been mounted so that if it had been a piece of sculpture, it would have been called bas-relief. The buffalo thus mounted had but one nostril, one quite ferocious glass eye, one ear and one horn. Year by year, as Aunt

Jenny's strategy improved, that thing descended in the scale of prominence from the drawing room of the R. B. Mellon home until finally it was herded among the other mounted trophies of the chase that glared at one another from the walls of the billiard room. Dick's affection for those things—and for excellent paintings of Frederick Remington and Charles Russell—were all sincere expressions of a very genuine love of the untamed West.

While Andrew Mellon was developing into one of the most discriminating collectors of art, his brother was equally devoted to a more personal collection that included lithographs and chromos of Sitting Bull, Rain-in-the-Face, Chief Gall, John Grass and Running Antelope. Dick loved these things, not as "art" but because they had a magical power over him; they could evoke his past. I understood, because I had been a part of that past, even though I had found it totally and disappointingly unglamorous. Of course, I had less hunting and since I was only a half-grown boy, I shared scarcely at all in an astonishingly colorful social life enjoyed by my uncles out there.

The time lock on the safe doors of the Mellon Brothers Bank in Bismarck as much established the beginning of the hunting day as it did the end of the bank day. Dick and George had a spring wagon and a team, one white horse and one black. Their driver was a wire-thin colored man named Crawford who, a year or so before, had attached himself to Dick in New Orleans when he was visiting his friend Newton Eustis. The wagon had a canvas top. Inside were racks for guns. Fitted to the dashboard in a leather mounting was a compass. Everything the brothers needed on an overnight

shooting expedition was at hand ready for action any time that wagon was hitched up.

On their wagon trips Dick and George were likewise concerned with exploring and surveying. But they never missed a chance at game. Often they *needed* a wagon to bring their quarry home! In my free time out there, especially in the fall, I got a lot of shooting too, chiefly along the banks of a little stream called Apple Creek. This meandered through the prairie and into the Missouri River. There were a good many ducks there and the creek banks likewise were a rendezvous of prairie chickens. Yet even then the great game herds of the plains had been well-nigh destroyed.

In my work as a tame and dismounted cowboy, I would come across mounds of buffalo bones and now and then the rusted fragments of some old gun, or a knife that had been used in skinning. These bones and other relics were the last signs of one of the outrages perpetrated in the settlement of our continent. There was no sport in shooting buffalo. It was too easy. A horseman could shoot them almost at arm's length. It was just slaughter. Most of the buffalo had been shot simply for their hides, which fetched a dollar apiece in the market. The carcass was left to rot. It was not until the railroads came that even the bones were put to any use. Then they were brought East by carloads, ground up, and sold as fertilizer. However, in our time, there were still a few—a woeful few—of the buffalo, roaming the prairies near Bismarck.

Some years after Dick Mellon had turned his back on that western life and was preparing to settle down as a married man in Pittsburgh, his bride was unpacking and arranging some bachelor treasures. After being appalled by the half-

buffalo head, she exclaimed in wonder and delight over certain other things she found hidden in a barrel of sawdust. Piece by piece, she brought to light more than a hundred objects of deepest blue. She had found a full dinner set of Crown Derby china! This, too, had come back with Dick when his original errand in North Dakota was finished.

The china was one of the things that finally helped not only Dick's wife but also my grandmother to understand why he had needed evening clothes and starched shirts out there in Dakota Territory, "among the Indians". This fine china had been picked up at the auction sale of the household effects of a glamorous but ill-starred French friend.

This Frenchman of noble birth, M. Antoine de Vallombrosa, Marquis de Mores, a graduate of St. Cyr, was about as exquisite and brave a figure as anyone could hope to meet in the New or Old World. Dick and he were the same age, 25. De Mores was the husband of Medora von Hoffman, the beautiful daughter of a New York banker, L. A. von Hoffman, and had arrived in Bismarck not long before I came. But his coming, I must say, had created a bigger flourish and a more lasting excitement.

Although it was not then apparent in Dakota territory, the Marquis must have been touched in the head by American ways. His hunting trip was almost straightaway transformed into a fantastic business adventure. Farther west than Bismarck, where the Northern Pacific crossed the Little Missouri River, he established a town which he named for his wife, Medora. The Frenchman began the construction of an enormous meatpacking plant intended to outdo Chicago's Packing Town. The core of his scheme was to kill range cattle at the range. Instead of live bawling cattle what he

would ship to eastern markets would be frozen meat in refrigerator cars. The germ of his idea was sound, seemingly. There were sound minor elements in his scheme too. For instance the manure from the stockyards was going to be used locally in Medora hot-houses to grow vegetables. However, the Marquis seems to have overlooked the fact that grass-fed meat is by no means as palatable as cornfed, "finished" beef.

For all those who wished to see Dakota develop swiftly the Frenchman's enthusiasm for the territory's future was inspiring. In the raw new town of Medora he built the Hotel de Mores and also a combination club house and theater in which there were lounging rooms, billiard tables, bowling alleys and other recreational facilities.

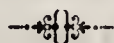
The Marquis de Mores had a glorious time while it lasted and so did his friends. I know that Mr. Richard B. Mellon of Bismarck never visited Medora without taking as much thought for his clothes as if he had been leaving for Paris. This is significant because fine clothing was alien and inappropriate in the West and so was the Marquis. On a sloping hill across the river from his slaughter-houses, commanding a majestic view of the village of Medora, was the Frenchman's large and elegant chalet of fifteen rooms, where the Marquis and Marquise frequently entertained their friends. In the village itself was a chapel called Athenais for the infant daughter of this feudalistic couple; also another eight-room brick house to shelter the von Hoffmans.

There had been plenty of people in Dakota to appreciate the entertainments and to add *éclat* to them. Indeed, the destination of the young and spectacled Theodore Roosevelt when he first went West was well-advertised Medora! After

reaching the bad lands on a hunting trip, he himself was touched by the boom fever and bought two cattle ranches. One good friend of de Mores was the artist, Frederick Remington. Another was Commodore Gorringe, the man who brought from Egypt "Cleopatra's needle", that obelisk which for years has stood in New York's Central Park.

The social reign of the Marquis in Dakota Territory came to an end when he got into a quarrel with some local men. One day, when he supposed with reason that these enemies were trying to ambush him, he fired on a party of cowboys, killing one. Two juries had disagreed before he finally was acquitted of the charge of murder. After these trials the fine furnishings of that fifteen-room chalet were auctioned off and the Marquis, his heiress-wife, and their children sailed for France.

De Mores really was ill-starred. Later—Dick heard the news with sincere regret and mourning—the gay and impetuous Marquis was murdered in the North African desert.



In that Dakota boom Medora was exceptional only because of the money which was being spent in its creation. Every little town that was budding on the prairie had been at least conceived in dreams of eventual grandeur and scarcely a month went by without a new town beginning somewhere in that short grass country. Railroad men were the creators of many such towns. Agents were scouring the Old World and especially Germany and the Scandinavian countries for restless Europeans to people the plains. These new towns began generally with no more ceremony than the unheralded stop-

page of a mixed train; its freight of men, women, children, boxes and bundles, crates and sometimes naked machines, would be unloaded and the town was born. Most of these people had been farmers and most of them wanted to go on being farmers but this western country also offered the chance to be *proprietors*! They were lured by the attraction of free land; that is, land for nothing except work.

Immigrant farmers were not the only people attracted to Dakota. There was something about cattle ranching there that caught the fancy of well-bred Englishmen who would have been bored by the kind of "ranching" we were doing. Among others who bought and lived on horse or cattle ranches were the Duke of Sutherland and Lord Nugent. Their ranches were bigger, but their manners were no more correct than those of Jimmy Jameson, and I'll bet their companionship was not half so charming. He was an English remittance man who had established a horse ranch at White Earth, intending to produce motive power for horse-car lines in American cities. Jameson's partner was Dick's dear friend, Newton Eustis of New Orleans. A third close friend was C. B. Little who had arrived out there with a Harvard law degree determined to make his fortune. He was one who really became a permanent citizen of Dakota.

Another man, whose name is linked with the Dakota of those days was Sir John Pindar, who, with his friend Commodore Gorringe had ideas no less grandiose than those of de Mores. They had purchased from the government a part of the big military reservation and buildings at Mandan, just across the river from Bismarck. They planned to operate out of a central agency there a chain of stores serving the whole Territory. They failed when the boom collapsed.

What they intended doing at Mandan would have seemed of more moment to me than what de Mores was doing, simply because Mandan was territory forbidden to me. In my father's eyes Mandan was the "bad lands" which I had to fear; and I can hear him saying now, almost as if his words were echoing in my ears: "Now, Will, never you go to Mandan."

Mandan, full of barracks and soldiers, was a sink of iniquity. The main street was two solid rows of frontier town saloons confronting each other, and every kind of wickedness was sheltered in those shanty-like structures. But for the soldiers, the saloons and all their wickedness must have represented hell simply because soldiers did not have enough money to patronize those places. You could not buy very much on \$13 a month. Consequently, in a variety of illicit ways, the soldiers were making their own alcohol, as a kind of anaesthetic so that they could endure the monotony of their service. No matter in what direction I looked out there—at 15—I could see only the monotony of the frontiersman's existence, none of its glamour.



CHAPTER XI

On The Treeless Prairie

THE man who had arrested the Marquis when he was charged with murder was the one person in Bismarck who most nearly fitted in with my preconceived notions of the West. This man was Alexander MacKenzie, a native of Bracebridge, Ontario. He was the sheriff and the assistant United States Marshal as well. He had been regularly a guest at the French nobleman's parties, but nevertheless he was obliged to arrest his friend. To a boy who had been an avid reader of the Beadle dime novels, this Sheriff MacKenzie really was glamorous. I suppose my imagination was stirred by his fearlessness. He went alone among the Indians, stayed in their villages, and on occasions dared to arrest one or more without any posse to help him. It was Sheriff MacKenzie who got us our queer cook out on the farm. That cook is inextricably bound up with all my boyhood recollections of the raw, unformed America of 1883.

Four miles from the lights of Bismarck, George and I slept in a tent which had a wooden floor but little else to keep us from boasting that we were "roughing it". Besides our cot beds the only article of furniture was a lock box and we kept it locked. There was whiskey in it.

On account of the plowing there were about 25 men working on that new farm. These slept in a bunk room in the second story of the cook house. Of course they were a rough lot,

but after many years the cook is the one I remember as the roughest. When he got into a tantrum and started swearing, you might go to the farthest limit of our land and still hear his curses. I remember my father came all the way from Pittsburgh to visit me for a couple of days in midsummer and stayed with us in the tent. It was so hot by that time that we had to begin our plowing at 2 o'clock in the morning. On this schedule we could plow during four or five hours of relative coolness and then turn the oxen out to graze while the sun shone most fiercely. After father's very first night in the tent I entered and woke him. I had been at work with the oxen for hours. He complained bitterly, saying: "Last night I dreamed I was in hell and heard more blaspheming than I have heard before in my whole life."

Of course, those angry noises which Father had heard in his dreams were the sounds of our cook berating those of us who wanted breakfast at 2 o'clock in the morning. The cook was a swearing champion. But he had, as a sort of chorus of profanity, all our ox drivers. To drive oxen each man had to possess a heavy, long, rawhide whip and a remarkable vocabulary. These men were not cowboys nor the cowboy type; many would have been regarded in any society as bad men. They had drifted into this part of Dakota from the railroad, from the river, from the law. Indeed, the cook, himself, had been a steamboat cook before he came to us, and a fugitive from justice. Our place became a kind of sanctuary for him because of Sheriff MacKenzie's friendship for Dick and George.

The Sheriff knew we had to have a cook if we were to get our land broken before winter set in, so there was a gentleman's agreement that we might keep the cook until the sod

was broken and the whole tract planted; then the sheriff would come and take him off to be tried for murder. That cook was a short-necked, stoutly-made fellow—not fat, just tough. In any pool of camp cooks he would have been graded run-of-the-mine.

This strange fellow was subject to spells of epilepsy. After one spell he recovered to find himself being plied by George and me with whiskey. Thereafter the frequency of his fits increased and we never could tell whether he was having just a thirst or a real fit. But he was the only cook for many miles around and so invariably we resignedly adhered to our school of medicine and unlocked the whiskey. The following year, when I was no longer there, MacKenzie and a deputy came, and, in accordance with their bargain, put handcuffs on the cook. Two of the saddest men in all Dakota then were my uncles Dick and George. By that time they had developed a fondness not only for the steamboat cuisine but for the cook himself.

I have forgotten what ultimately happened to that old cook, but Alex MacKenzie, who was another kind of sharper, indigenous to the West, looms big in the history of Bismarck.

MacKenzie had been important in the intrigue and trading which resulted in the selection of Bismarck as the new capital of the Territory. He was probably a prejudiced member of the commission. Yankton, originally the capital, had been found inconvenient for territorial legislators and other people traveling from the northern section of the then undivided Territory. When the nine members of this commission were named it was assumed that the new capital would be somewhere in the southern section, in what later became South Dakota.

But Bismarck men, stimulated by the enthusiastic whisperings of MacKenzie, arranged to make the necessary offer of \$100,000, and also to give 320 acres of land instead of the 160 acres required for administration buildings. Out of their shrewd maneuvering, there resulted a land boom in Bismarck not paralleled by any other in the West of that time. Lots that had been selling for around \$200 brought thousands. In September, 1883, at approximately the same time as the last spike was driven uniting the east-west and west-east divisions of the Northern Pacific out in Montana, the cornerstone of the capitol building was laid in Bismarck. That, however, was after I had gone home.

MacKenzie was only 33 years old when I arrived in Bismarck and he had spent almost half of those years in Dakota, for he had arrived in 1867 with a wagon train carrying supplies to Fort Rice. Thereafter he was employed by the military as a dispatch carrier in Indian country. When he came back in 1872 to help in building the Northern Pacific into Bismarck, he was in charge of track-laying there. Two years later at the age of 24, he had been appointed sheriff of what is now Burleigh County, after the previous incumbent had been killed in office, as frequently happened to western sheriffs. Thereafter MacKenzie became just as much a figure out there as Wild Bill Hickok and some of the notorious gunmen who served the law. He knew, literally, every inhabitant, white and red, in the country around Bismarck.

In appearance, this big, heavy-shouldered man was not the traditional western sheriff. He never made any needless display of revolvers, and he wore a square-crowned derby hat. But criminals out there regarded him with awe. I never heard anybody call him a good man, but he was certainly the en-

emy of those known to be bad, and was credited with having driven out of the Territory scores who were disposed to live outside the law. Later on, MacKenzie had further adventures in Alaska and was portrayed, thinly disguised, as the villain in a novel by Rex Beach, "The Silver Horde." In my opinion, however, in that work his villainous attributes were exaggerated. Nevertheless, there finally came a time when, for all his shrewdness, MacKenzie was in serious trouble and got out of it only because Dick Mellon, back in Pittsburgh, was moved to help him out of his difficulties. In Dick's eyes, MacKenzie never was a villain. After a lapse of many years, I encountered MacKenzie at a convention of the Republican party in Chicago. He was then a delegate "riding herd", as he explained to me, on a group of delegates who were not disposed to displease Jim Hill.

While Alexander MacKenzie lived up to my boyish conception of the Wild West, I am sorry to say that the Indians did not. Back home in East Liberty, Deadwood Dick had been a pal of mine, and in fancy I had often ridden with the James Boys on their raids. For the boys of my day, Deadwood Dick was more than today's Lone Ranger and all other modern fictional Western heroes put together. Before I went West I used to get the Beadle novels—all the dime novels in fact—at a little tobacco store run by two brothers in East Liberty.

As a consequence of my boyish reading habits, I had arrived in Dakota expecting to find Indians wearing feathers in their hair and the chiefs wearing feathered head-dresses reaching to their heels. It had not occurred to me how they would smell, but the truth is they smelled terribly. The Bismarck slaughter-house was below the town, near the river,

and I had quickly found out that this was the place to see Indians. Most of them dressed in white men's cast off clothing; they rarely wore more than an old pair of pants and a shirt, or a leather jacket. They were indescribably dirty.

On one of my trips to the slaughter-house I discovered them engaged in a revolting feast. The entrails and other parts of slaughtered animals that would be thrown away by white men were delicacies to Indians. As I watched them, they were carrying this slaughter-house refuse in bloody hands to a nearby fence where there was a considerable amount of the stuff drying in the sun. Of course, there were better Indians but any Indian who had a morsel of self-respect was not hanging around Bismarck; he was off in the wilderness attending to his own affairs. That first sight of Indians at the slaughter-house disillusioned me.

My disappointment was all the keener because I was terribly lonesome out there. The lack of trees accentuated my homesickness. The lonesomeness was worst during that part of the summer when I was working down on the river bottoms, running a hayrake. There were great flat lands there which were flooded in certain seasons until the river became quite wide. When it receded those flat lands would be found to have gained richly in fertility by a deposit of fresh top soil. It was a great place to grow hay, and Dick and George owned a lot of that river bottom land. There they intended to harvest a crop of hay to carry the stock through the long winter. Any boy would like to run a hayrake for an hour or two, but driving a rake from morning to night, day after day, behind a team of stolid work horses quickly ceases to be fun, and that is where my homesickness broke out.

It was so hot that summer that some of the cattle died, and

the mosquitoes on that river bed were really frightful. They were not so bad after ten o'clock in the morning when the sun was high, but from 4 o'clock in the afternoon right through until mid-morning of the next day, they were unbearable. We couldn't keep the horses down there in those river bottoms unless we gave them some relief with smoke from smudge fires. For myself I devised another kind of sanctuary. I had some mosquito netting and by draping this over the hoops of a hogshead I made a little tunnel of netting, into which I would crawl. In there I was safe enough from mosquitoes but not from homesickness.

However, we did have some excitement out there on the prairie and many things to stimulate our wonder. Each mile-long furrow of sod we turned sprouted a profusion of sunflowers. This was wild land and how long those hitherto unsuspected sunflower seeds had lain dormant we couldn't even guess. But that was not the only surprise nature gave us.


There was a cyclone which I remember vividly. We were preparing to dig a well and when the windstorm came had a lot of boards and well rings piled up. Those well rings were pretty much like felloe bands for enormous wagon wheels and as the storm struck they rose up and went merrily away like so many hoops being rolled along by invisible children. Unhappily for me, this cyclone drove all those heavy wooden well rings right into the cattle I was herding. Those weirdly animated hoops were too much for the normally stolid beasts. There was a stampede. Certainly the oxen, tails high, looked anything but stolid as they raced over the prairie. The herd literally ran itself to pieces. When the windstorm subsided I had to go out and round up all those exhausted beasts.

The cyclone at least gave us a fresh subject to talk about.

The well project was, in its way, exciting too. All the pieces intended for the well casing had to be gathered up quickly after the cattle were brought in because we needed the well so badly. It was almost like hunting treasure, I found, to put a well down through dry earth, wondering foot by foot when you would strike water.

The lack of trees out there was a great trial to me because I had always lived with trees and liked them. Those oceanic spaces of treeless prairie seemed to deepen my loneliness, especially when I was riding the hayrake. I remember that a part of the pattern of my spell of homesickness was a recurring dream about trees at home. In that dream I would be roving over wooded Pennsylvania hills, only to wake up desolate in my barrel there on the river bottom in North Dakota.

The summer was short. After we had harvested the hay I resumed my work as herdsman. By that time the nights were cold and morning after morning the ground, as far as I could see, would be glistening with frost. I had fallen into the habit of wearing just a shirt, overalls and a pair of shoes, and I used to find a warm place for myself on cold mornings by arousing some slumbering ox so I could sit down where he had been heating up the ground all night.



CHAPTER XII

Frick's Coke Ovens

I was so glad to get back from that west to which I had gone so joyously that I was happy for awhile just to hang around home. I was permitted to do so for several weeks in the fall, before my father took me down to Chester, Pennsylvania and entered me in Pennsylvania Military Academy. Up to this point my schooling had included a period in the public school in East Liberty, but my mother's and grandfather's views about public schools coincided. She thought I would grow more civilized if I went to a more polite school. So for a couple of years prior to going to Chester, I had been getting my schooling from two elderly spinsters who ran what was known as the Ford and Sackett School.

Chester cadets were forbidden to use tobacco and I hated this loss of liberty. After smoking a pipe out west all summer I was feeling pretty much a man. I soon learned that the students did smoke in spite of the prohibition. One of the janitors smuggled cigarettes to us by the carton. Indeed, he would sell no smaller quantity than a carton and we formed little syndicates so as to keep ourselves supplied. Undoubtedly, the faculty knew we were smoking and allowed us to get away with it, to keep us from rebelling more seriously against the discipline which was—and properly, I think now—strict. All of the military phases of the school were administered by a West Pointer, Lieutenant (afterward Gen-

eral) Duvall. In classrooms and on the campus, teachers as well as pupils were uniformed. The day began with reveille and ended with taps. I was there for several years but before graduation transferred to Shortledge Academy in Media. When I came home from there, I was so completely dissatisfied with the whole idea of schooling that my father finally made up his mind that it was useless to try to pour any more formal education into my hard head. A part of my trouble was that I was attached to my uncles' generation. School, it seemed to me, was dragging me farther and farther behind the important excitement which all of them were experiencing.

George's absence brought me much closer to my uncle Andrew Mellon. A. W., unmarried, was living at home with his parents, my grandfather and grandmother, and that always was quite as much my home as the house of my father and mother across the street. Indeed, the Judge's household was where I preferred to be in the evenings because there was much talk there on any night. The shyness of Andrew Mellon with strangers, indeed with most people, was a break of fortune for me. He really liked to talk with anyone in whose company he felt at ease and to him I was like a kid brother, rather than a nephew. Whenever he was looking for companionship on a walk or when he was going to make a call, he would look for me, and I was almost always there, especially evenings and on Sundays.

The home of Pennock Hart up on Highland Avenue, not far from my grandfather's house, was a place where Andrew liked to go during periods of leisure but most of all on Sundays. In those gatherings of neighborhood people, I was not just an adolescent; I was treated as a being. Later on, A. W.

went with increasing frequency to the house of a man who was to become his closest friend, Henry Clay Frick.

One day in 1871 when "T. Mellon & Sons" had just been inscribed on the window of the new building in No. 512 Smithfield Street, Henry Clay Frick had walked in, unheralded. He was then 21 years old, and only recently had been working in Pittsburgh for seven dollars a week. Previously he had never done anything more important than bookkeeping. But Mr. Frick was always something special, and this time he had come to try to borrow \$10,000 from my grandfather. In introducing himself, young Frick said he had come to discuss a matter of business with Judge Mellon.

Certainly my grandfather did not keep the young man waiting. It is inconceivable that anyone ever kept Henry Clay Frick waiting. His manners were delightful. I can testify to this because on so many occasions he was kind and gracious to me when I was a sensitive, half-grown boy visiting his home in the company of A. W. Mr. Frick had studied Lord Chesterfield's "Letters to His Son" as assiduously as the boys in our family had steeped themselves in Franklin. He could have served not only as a model in manners but as one for masculine dress as well. Unfailingly, so long as he lived, Henry Clay Frick appeared in public only when he was dressed as if the minute in which you saw him was the most important occasion of his life. The handsome, polite and well-dressed man who called on my grandfather that day really had groomed himself for a great career.

I heard about this visit so many times afterwards that I almost feel as if I had been there. In my mind's eye I can see my grandfather, wearing a black, long-skirted frock coat of the same style he had worn when he was on the bench and which

he wore always thereafter. His shirt front invariably was glossy and stiff from starch and his collar was equally stiff, its points, however, not meeting by an inch, so that you could see his Adam's apple rise and fall beneath his strong chin. Any time he was in a stern mood my grandfather appeared as formidable as an eagle. How could young Mr. Frick have hoped to talk \$10,000 out of Judge Thomas Mellon?

Although they never had met before, the two were scarcely strangers to each other. Frick's maternal grandfather, Abraham Overholt, not long dead at this time, had been the most prominent business man of Westmoreland County, which adjoins Allegheny County on the east. Abraham Overholt had been a 17-year-old boy when he came westward from Bucks County with his family in a train of covered wagons laden with all their chattels. That family consisted of the parents, five sons, six daughters, five sons-in-law, two daughters-in-law, and thirteen grandchildren—in all, thirty-three. Abraham at that time was already a journeyman weaver. When his father died in 1833, Abraham Overholt, Frick's grandfather, became the proprietor of the farm. Then he bought from his brother a small log distillery of a kind common to all Pennsylvania farms in that day. He increased its capacity from three bushels to fifty, and then to hundreds. In his lifetime the Overholt distillery became an important business, possibly the most important factory in Westmoreland County. Obviously, then, the grandson of this distinguished and prosperous Mennonite of the neighboring county was not really unknown to my grandfather.

Frick wasted not a moment talking about the folks at home. He got right down to business, which was exactly what was expected of any visitor to that bank, always. So here was

the grandson of Abraham Overholt, who was also the partner of John S. R. Overholt, Abraham O. Tintsman (another-grandson of Abraham), and Joseph Rist. These partners were establishing a new business. This business, Frick & Co., wished to borrow \$10,000 for six months at ten per cent with which to build 50 coke ovens at coal mines which they were developing.

Probably my grandfather was already aware, as was Frick, that the coking process was an important factor in the new steel business. He certainly realized that coke was as much a basic raw material in the making of steel as iron ore itself. Frick, on behalf of himself and his partners, was able to offer as security 123 acres of undeveloped coal lands on which there were no encumbrances. When the elderly gentleman and the young one shook hands a little while later, Frick had \$10,000 of my grandfather's money. Back in his home town, Broadford, where Frick was still regarded as a cub, the gossip said that he got the money "on his nerve." But nobody ever got money just on his nerve from my grandfather.

There was, of course, a much better reason. In the very year that Frick was born my grandfather had begun investing money in coal lands. When Frick came to see him, the Judge had large holdings, thousands of acres, in coal lands in Western Pennsylvania. That I suppose figured strongly in the shrewd reasoning that had brought young Frick to T. Mellon & Sons. Obviously, if what he believed about the future of coke was true, then all of my grandfather's coal lands were going to increase greatly in value—as they did.

Frick was back for a second \$10,000 before the first fifty ovens were completed. The construction force was still on

hand and it would be an economy to proceed immediately with the building of further ovens which the expansion of his business by that time justified. But this second application was not so quickly granted. This time Judge Mellon asked for time to consider the loan. He asked Mr. James B. Corey, who had been his partner in various mining ventures, to make an investigation of Frick & Co. and its prospects. The report from Mr. Corey read:

“Lands good, ovens well built; manager on job all days, keeps books evenings, may be a little too enthusiastic about pictures but not enough to hurt; knows his business down to the ground; advise making the loan.”

The surface appearance of Frick & Co. at the time this loan was sought and for some while thereafter was not inspiring except to such an astute person as my grandfather. He would have been impressed by the fact that the office was just a clap-board shack and that the manager of the business was so frugal he was conserving the firm's money by working overtime outside to earn his living expenses. Besides developing the coke business Frick was keeping the books of others.

So Frick got that second \$10,000 and the loans were repaid out of earnings. By 1873 Frick & Co. almost rivaled the biggest coke company in size. Frick did not retreat an inch during the “panic” of 1873. He was as convinced as ever he had been that coke was nearly as vital to the iron and steel industry as iron ore, even though the Pittsburgh commission merchants, who represented the principal market for coke, were then among the most lugubrious people in Pennsylvania. Frick had decided against shutting down his plant as some close to him advised. His new plant, if idle, would deteriorate so much as to represent a loss greater than the loss

he would incur were he to sell his product even as low as 90 cents a ton. That was the going price.

So, whereas practically all others engaged in making coke had shut down, Frick went on operating aggressively. Not only was he keeping his plant in prime condition but he was keeping his customers and opening the way for a great expansion of his market. Moreover, when the turn in the business tide came, it was not imperceptible to him, although it was to those who might have been his strong competitors. In shutting down, they had lost contact with the business.

Frick was his own sales agent, as well as his own manager. Every day he was up at six, looking over the ovens. By seven he was aboard the train for Pittsburgh and by ten he was in his office going over his mail. From shortly after ten until three in the afternoon he went from one industrial plant to another, soliciting orders. Three hours on the train would bring him back to Broadford. After supper he busied himself with the details of his mining and coking operations right up until bedtime. In those intervals when he had to raise money he interrupted his solicitation in Pittsburgh just long enough to go to T. Mellon & Sons and present his case and need to my grandfather.

Once, in that time of poor business, there was talk of suspending service on the little railroad which linked Broadford with the B. & O. Railroad, at Mt. Pleasant. Unless they could ship their coal by rail the coke company would have to go out of business. Frick then proved what a really capable fellow he was.

Always delicate physically and subject throughout his life to recurring attacks of rheumatic fever, Frick in an emergency could expend tremendous energy. This time he got on

his saddle horse and visited, one after another, the farmers who were stockholders in the little railroad. Many of those men were in despair for fear of losing their farms. Consequently, for once in their lives, they were eager to be rid of their railroad stock, which most of them had bought to get the railroad running rather than to make a profit through stock ownership.

What Frick proposed was something that gave them hope not only that the railroad would go on running but that they would get their investment safely out of it. A few days later Frick went to the general offices of the Baltimore & Ohio Railroad with options on all the stock. This railroad from Mt. Pleasant to Broadford was quite like the Ligonier Valley Railroad which our family was to build a year or so thereafter. It was the one avenue for commercial traffic which the people of that valley had with the outside world.

It also meant something to the mighty B. & O. It was a feeder line on which they depended for freight. Frick's audacious coup was so fully appreciated by the B. & O. management that, without much dickering, they accepted his proposition to sell his options at cost, plus a \$50,000 commission for himself.

As it happened, Frick and A.W. never met until 1876, two years after this event. Long afterward, when A.W. was Secretary of the Treasury and George Harvey, the ex-ambassador of the United States to the Court of St. James's, was working on the biography of Frick, these two had long conversations on the subject of Frick's life. So I assume that A.W. was Harvey's source for the account he has given of that first meeting.

It appears that Frick, then 26 years old, was leaving the

Mellon bank after arranging a total credit of \$100,000 for Frick & Co. My grandfather introduced Frick to A.W. After Frick's departure, according to Harvey's account, my grandfather, speaking to A.W., made a shrewd appraisal of this young customer.

"That young man," Harvey quotes him as saying, "has great promise. He is very careful in making statements, always exact and wholly reliable. He is also able, energetic, industrious, resourceful, self-confident, somewhat impetuous and inclined to be daring on his own account, but so cautious in his dealings with others disposed to take chances that I doubt if he would make a successful banker. If he continues along his own line as he has begun, he will go far unless he overreaches. That is his only danger."

From boyhood on, I was constantly aware of the congeniality of A.W. and Mr. Frick. Even before I left school I had found that more often than not when A.W. and I went on a walk in the evening or on a Sunday, our destination would be the home of Mr. Frick. Both of them became devoted to poker as a diversion. Consequently, if A.W. intended to stay at Mr. Frick's for dinner, that implied a poker game afterward; and, as I was then too young to sit in their games, I would go somewhere else for my amusement.



CHAPTER XIII

. "My Brother And I" .

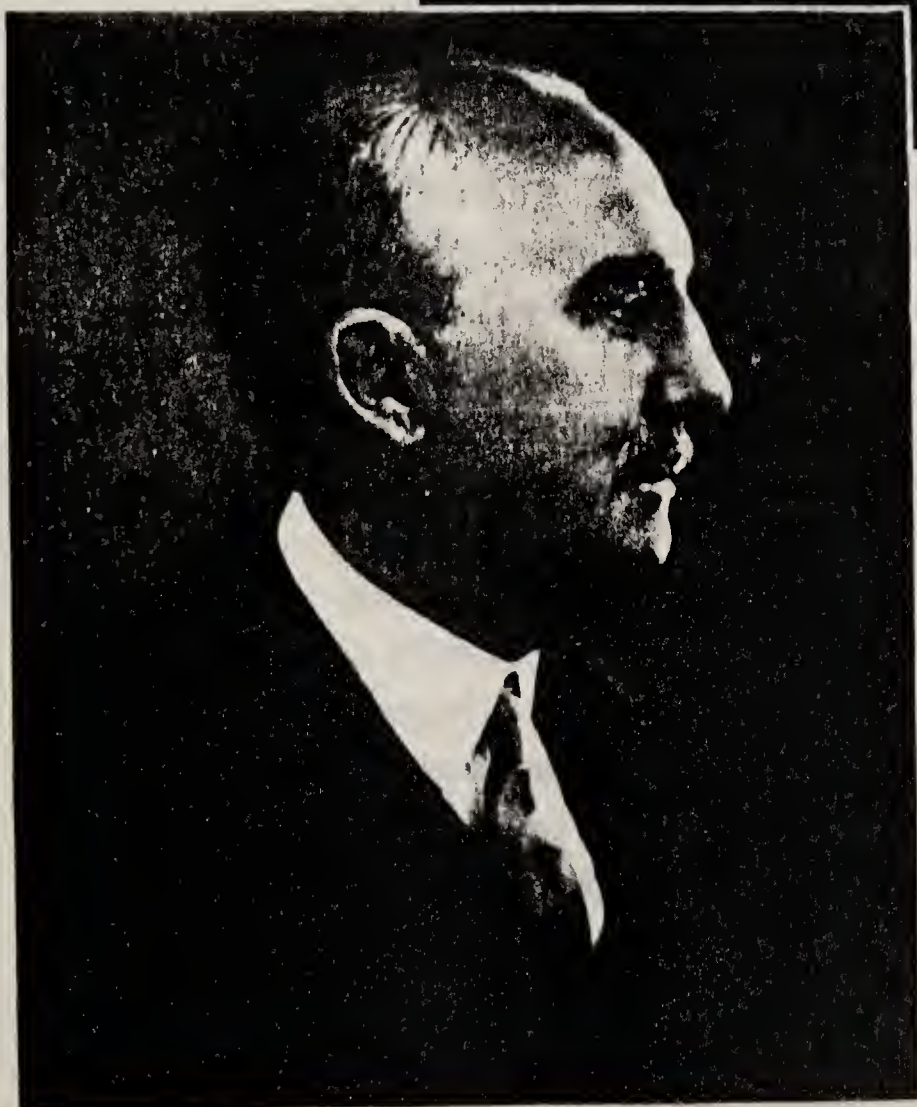
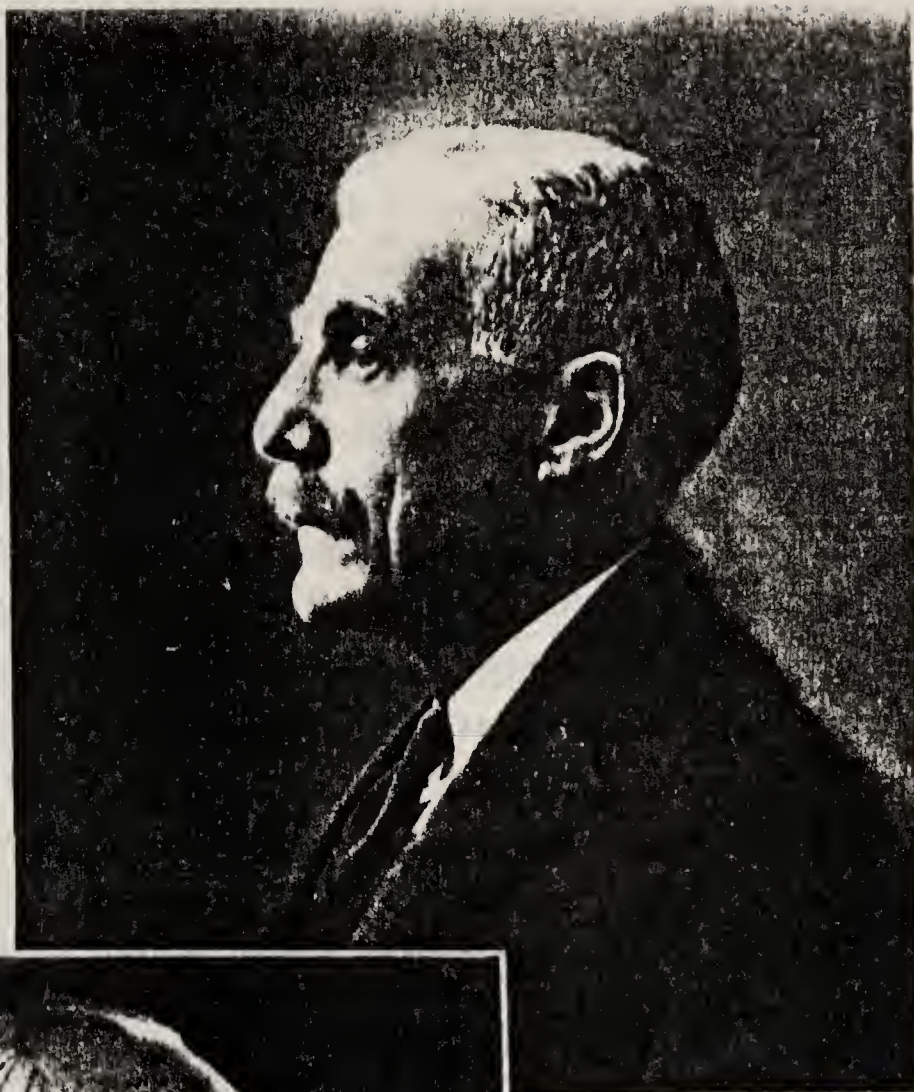
The year before I went to Dakota my grandfather had given the bank to A.W. who had then served in it for nine years. In the beginning the Judge had given him a fifth interest, but on the fifth day of January, 1882, when A.W. was several months short of being 27, Grandfather just turned the bank over to him. I was not yet 14 when this happened, but I heard all about it at once. There was something reminiscent of the Biblical patriarchs in Grandfather's deep feelings of obligation toward the members of his family and in his anxiety to set all his sons on their courses in life, establishing each one somewhat farther along the way than his own bleak start. As he wrote out his scheme for a new arrangement of the bank, I am able to repeat the terms of his gift in his own words:

Pittsburgh, January 5, 1882

"Proposition to son Andrew for services past and future.

"He to have the entire net profits of the bank from January 1, 1881, including my salary, the books to be readjusted accordingly, from 1st January instant. He to have entire net profits of bank and pay me an annual salary of two thousand dollars as its attorney and fifteen hundred per annum rent for the banking room; and I to allow him forty-five hundred per annum for attending to my private affairs and estate—selling lots, collecting rents, etc., as done heretofore.

R. ANDREW WILLIAM MELLON



MR. RICHARD BEATTY MELLON

“This arrangement to last till superseded by another or annulled by either party.

Thomas Mellon.”

Thereafter, except when he was away from home on trips, Grandfather continued in his habit of going to the bank each day and remaining there during business hours, but not as a banker. He found the bank parlor a “convenient place for consultations.” Moreover, it was there that he wrote his autobiography, and even after the book was written and his eyes were steadily failing, he continued to write voluminous memoranda about his life, which was by no means finished. At this time, of course, as he dryly observed, he had been rated for many years as a millionaire “and perhaps justly so.” We were all to discover how “justly so” in a few more years, when he and my grandmother celebrated an anniversary of their birthdays in a remarkable manner, about which I shall write later.

During the years my grandfather ran the bank it had been his habit to enter it each morning without strewing greetings right and left. Habitually he had come in quietly and, looking straight ahead, had gone right to his desk. There, without delay, he busied himself. It is true that he spelled work with a capital W, but that was not the reason he came and went without greetings. Rather it was because his mind was busy incessantly.

When A.W. had become sole owner of the bank, and, because of its valuable good will, continued to operate it as “T. Mellon & Sons”, he too walked in each morning precisely as his father had done. In A.W.’s case a natural shyness caused him to walk as if all he met and passed were cloaked in invisibility. But there were several other reasons for his manner.

A.W. always was concentrating. Furthermore, as a little boy, I think, he had picked up traits and quirks of manner from his father. So it became his fixed habit to walk into the bank each morning and go unobtrusively to his desk. Even when there came to be more than five hundred people working in the bank he came and went almost as if he were the sole inhabitant of the premises.

Nevertheless, A.W. ceased forevermore to behave so with respect to one individual when T. Mellon & Sons had existed as an institution for 18 years. The change grew out of a sad circumstance. His youngest brother, my uncle George Mellon, died in Denver, April 15, 1887. In spite of George's years of semi-invalidism, news of his death was like a thunderclap to the family. Seemingly he had been victorious in his years of struggling against tuberculosis. I myself, after sharing a tent with him out on the Dakota prairie, had come to believe that he never really had tuberculosis. The outdoors agreed with him and certainly it had agreed with Dick, who continued to the last uncomplainingly, even gaily, to share George's exile.

George had set his heart on an overland trip from Bismarck through the Bad Lands, the Wyoming wilderness, the Colorado Rockies, and on to Denver. Much of the way, he was backtracking, really, on the route of swarms of adventurers who, starting from Denver, had gone north to seek gold in the Black Hills and elsewhere. He made his journey with a team and buck wagon. Fixed on the dashboard of the vehicle was a compass, because for much of the way there was no road for him to follow, nor any trail. That was really a rugged trip but he made it, indulging almost every day his love of hunting. But in Denver, the climate of which was

ideally suited to his delicate lungs, he contracted another terrible infection, spinal meningitis. It was a quick thing. He was dead in a few days. George was brought back to Pittsburgh to be buried, and, after the funeral Dick Mellon returned alone to Dakota to wind up their partnership affairs.

The Dakota boom by then had collapsed as utterly as that latter-day boom in Florida collapsed after 1926. It was apparent that it would be some years before recovery would come, and, anyway, without George, the whole western adventure had become meaningless for Dick. During nearly five years he had played an exciting role in the development of the West. Yet, much as he loved the country out there, he loved Pittsburgh more. Consequently, with his mission finished he came home just before the holidays of 1887. The Odyssey was at an end.

What would Dick do now? It was A.W. who found an answer to that question. A.W. had been sole owner and ruler of the bank for five years. The two brothers were as different as night and day: A.W. delicately made and elegant; Dick, equally elegant, but oh, so well-fed looking always! At thirty, after half a decade of rugged western living with occasional eastern forays into gay society and luxury, he was such a vital being that he was attractive to everybody, men and women.

Whereas A.W. had few intimates and seemed almost sufficient unto himself, Dick was gregarious. Any company of which he was a part seemed to be made more lively by his mere presence. He was a witty being and full of fun and fire. A.W., who thoroughly loved Dick's fun and fire, was an intense, thorough thinker, whose mental processes, by his own description, were slow; but Dick, on the other hand, reached

sane and sound conclusions by something very like intuition.

It should not be forgotten that both of them had been hand-reared by my grandfather. From the time the two boys had ended their partnership in the building and land business with the onset of the 1873 panic, Dick had been a kind of business aide-de-camp to my grandfather. Even that assignment to go with George, to the end of the world if need be, was just the longest-lasting errand of many extraordinary assignments the Judge had given him.

A.W. gave Dick a marvelous welcome home. By this time A.W. was well off, while Dick's affairs out West had shriveled. What Andrew did was to take this brother into the bank as full partner. There was never a scratch of the pen to bind this bargain. It was almost as if in business they became a single identity. Eventually, as their fortunes and power waxed greater and greater, a phrase of the greatest potency wherever the name of Mellon was known was "my brother and I."

As two alloyed metals sometimes combine into a single metal stronger and more useful than either used separately, so these partners seemed to complement each other and together became something greater than either. Simply because A.W. was the more creative partner there is no excuse for underrating Dick Mellon's enormous contribution. During the years when Dick was running the bank and A.W. was running the Treasury Department the bank had its greatest growth; of course the times contributed to that. Nevertheless, in those times the boss of the bank was Dick Mellon.

During the last half century banks generally have recognized the need of salesmanship in banking and Dick Mellon—without ever having been called so—was a great salesman.


Whereas A. W. was shy and reserved with most people, Dick Mellon gave himself as freely as an actor and really loved doing things for people. He was voluble in talk and as to ideas he certainly was fertile. Moreover, whereas A.W. never let himself become involved in details, a stream of details could flow through Dick's mind and be dealt with ably.

For example, the stationery and pens provided for the customers in the Mellon National Bank were, most would agree, just a housekeeping detail, but Dick Mellon, so long as he lived, never took such things for granted. All the appointments of the bank were as much his concern as the appointments of a ship should be the concern of her skipper.

Dick Mellon undoubtedly knew every employe in the bank, and not merely by name; he knew them as individuals, and they knew him, whereas there were many important employes of the bank who knew A.W. scarcely at all. If the latter had just been haunting the place, he could scarcely have been less visible to most of them.

Although the greatness of the bank came jointly from the two partners, Dick himself would be the first to say that its peculiar genius was lodged in the intellect of A.W. Mellon.

The fortunes of the two brothers grew rapidly. With or without the bank, together or separately, they would have become rich men; but with the bank, and together, their growth was almost unparalleled. Just as my grandfather had learned that T. Mellon & Sons, even after he had withdrawn from its management and ownership, was still the most convenient place to carry on any of his business, so the bank always was the natural place for these two to conduct any of their varied business affairs.



CHAPTER XIV

Electricity And Lumber

In our brotherly relationship A.W. never preached to me but he did pour out most freely whatever was in his mind and sometimes he foresaw a really thrilling vision of a country progressing under the sorcery of business in alliance with modern science. It was A.W. who indoctrinated me with the conviction that electricity represented something truly great potentially. He said: "Learn all you can about this force. Understand it."

Already I had in me a latent ambition to learn how to handle electricity and I had read enough to give me a much better-than-average grasp of the subject. Then a small sensation was created in Pittsburgh by an East End caterer. Probably because of the advertising he expected to get from it, he equipped his restaurant with electric arc lights. There was a big bluish arc light hanging out over the sidewalk and similar lights inside. His judgment had been quite good about the advertising value because customers were attracted there almost as numerously as the bugs that gyrated around the big arc light. I, too, responded and seemed to have no more power to leave that place than if I had been a moth. For days I was the most faithful of those humans who formed a gallery for this phenomenal show. The source of the electric current was a little steam plant on the premises. The steam was made with coal and the engine operated a drive shaft that turned a heavy

fly wheel which ran the actual generating plant, the dynamo.

After watching that until I felt I understood it, I had to become a sorcerer in my own right. So I hunted up the one man in Pittsburgh who could be said to be in the electricity business. He was a merchant dealing in steamboat supplies. River steamboat captains at that time were eagerly shopping for electric headlights. This man, in order to keep up with the market, was stocking up with little engines and other equipment required for such installations on steamboats. After I had studied one of those small plants, I decided to equip my father's and my grandfather's homes with electric lights. A.W. backed me; and father, too, put his approval on the plan. That was in 1885, when I was 17.

From a machine shop then owned by the family I got an old boiler; a small one, that was just about the right size for the plant I had in mind. This boiler and a ten horsepower engine I set up in the stables behind our house. The boiler was fired with coal. Later on, when I could, I changed to gas. With the power plant working, I set out to wire both houses. Unfortunately, I did not have enough insulated wire for the two places, and that represented a fire hazard. Moreover, not all of the insulated wire was heavy enough to carry its load, so my testing caused a good many horrifying blowout flashes.

As I proceeded with the work, trepidation in both homes increased. About half the family fully expected that I would burn down both houses. Nevertheless, one day some real Edison incandescent lamps that I had sent for arrived and I was ready for my demonstration. Benjamin Franklin, I feel sure, never was half so impressive with an experiment as was I on that glorious night when, after making certain that every single lamp was in its socket and every wire in

place, I went back to the stables, threw a switch and thrilled wonderfully as both houses became ablaze—or so it seemed to me—with yellow light.

That was a grand moment. I could scarcely run fast enough as I hurried to catch the proud expressions on the faces of my parents. Then we all went across the street to my grandfather's house; there I tried to pretend that it was just an ordinary visit. Of course, I wanted to enjoy the delight of my grandfather and grandmother in the genius of their grandson. They did not disappoint me. They made a great fuss over my accomplishment; and A.W. was mighty proud of me too. But if the truth must be told, on that occasion no one was half so proud as I was myself.

The whole thing had cost about a thousand dollars. Eventually there were two engines and two dynamos, one serving as a standby plant. They were small things but they worked well, and several years afterward were still in such excellent working order that they were easily sold when we began to get our current from a central power plant.

I had enjoyed the studying imposed on me by that undertaking, but I resisted every suggestion that I go to college. Although A.W. had gone to college there in Pittsburgh, I was convinced that I would be wasting time if I should do so, and my grandfather sympathized with my point of view. He believed that colleges were developing into institutions where rich men's sons more often than not were spoiled. Many a time I heard him predict that boys who were going away from our neighborhood to college would return only to amount to nothing.

There was a further factor in my reluctance to go and in my eagerness to get to work. I wanted to catch up with the

older boys, my uncles. I had my way; and my father and Uncle Tom gave me a job in the lumber yard. I became a shipping clerk; not *the* shipping clerk, just one of several. The work was not entirely new to me; I had been working there off and on for some years.

The obligation imposed on me to work before this had not been motivated by any concern for making me earn money. What my family were trying to make me do was earn character, I suppose, because I had a bent for mischief, and keeping me at work unquestionably kept me out of a good deal of mischief. I hungered for excitement. To tame me down, they had been accustomed to put me to work in the lumber yard. I had worked there a part of every summer, except the one I had spent in Dakota; and usually I had to work on Saturdays during school terms. They really had a hard time keeping me out of minor troubles during those years, because I was restless in school and only somewhat less restless in the lumber yard.

I remember that it was on a Saturday during the school term when I had the first of two accidents that happened to me there. The first occurred when I was about 14. A trestle carried the side track of the Pennsylvania Railroad into the lumber yard. There the trestle ran along the top of bins for coal. Lumber taken from railroad cars was stacked up on the trestle. Anyone climbing on the trestle to mount a lumber stack would be 20 or 25 feet above the floor.

I think the monotony of the work must have set me to day-dreaming. I counted the boards in a kind of singsong as I walked back and forth, sliding boards down to a teamster. Suddenly, I tripped or lost my balance and fell head first from the top of the lumber to the coal below. The next thing

I knew I was lying on the floor of my father's office and our doctor's face was close to mine. I was laid up for weeks and for a long time the cut in my head was black from coal particles. Indeed, a blue-black line shows today along the top of my skull. As soon as I had recovered I went back to work at the lumber yard, where, as shipping clerk, my work continued to keep me up on lumber stacks.

The second accident was the result of riding a western pony. I have said that our family has close ties with the West. This is true not only of our branch of the Mellon family, with its Larimer relationships; it is also true of my cousins Thomas Alexander Mellon II and Edward Purcell Mellon, whose mother was brought up in the West. The year after my father and mother were married in Leavenworth, my Uncle Tom had gone out there and married Miss Mary Caldwell. My Aunt Mary's father had fought in the Mexican War as a captain and been killed at Chapultepec. After her father's death, Mary Caldwell, although Pennsylvania born, had been reared in Leavenworth by her older brother, Alexander Caldwell, who was a really great figure in the West.

Before there were railroads in the West he had started operating wagon freight lines and these lines from Kansas westward during the Civil War had become a fabulous activity. His wagon parks in Leavenworth had been enormous. Such spare parts as wheels, axles and yokes were kept on hand in vast stacks; there were droves of oxen, mules and horses. Alexander Caldwell had gone on to become an important manufacturer of wagons and owned a company called the Kansas Manufacturing Company. At one time A.W., while visiting with his brother in Leavenworth, studied the wagon manufacturing business. Although not cut out

to be a salesman, A.W. had gone into Idaho and other western markets selling Caldwell wagons.

Alexander Caldwell was just the kind of man who would ship his nephews Indian ponies and western saddles and other gifts that were completely entrancing to boys. I do not remember now whether he sent that particular gift or whether it came from one of our other western kinsmen, but I had good cause to remember the pony for the rest of my life.

That beautiful little Indian pony, a bay with a white face, had arrived in the East Liberty stockyards in a carload of less interesting horses shipped from the West. The pony was a gift for my Uncle Tom's boys, Thomas Alexander Mellon II and Edward Purcell Mellon.

Of course, guns and saddles and horses were subjects we discussed at home expertly. One of my uncles out West had sent me a stock saddle only a short time before the pony came. So I suppose I was selfishly delighted when the pony proved too much for those smaller boys, my cousins. Their parents, fearful for the boys, gave me the pony, on the supposition, encouraged by me, that I could handle and tame him. Range horses often inherit lovely heads from Arab ancestors, and this white-faced bay pony with his ears up and his nostrils flaring, represented to me just about everything missing from my lumber yard tasks, which added up, for me, to monotony.

Proudly I rode the pony to and from work. When the twelve o'clock whistle blew I rode him home, where a hot meal awaited me. The pony gave me no trouble for a week. Then, one day, as I mounted to ride home, he began to buck. Failing to throw me, he ran away. I couldn't hold him and he went at full gallop over the stone blocks of the street.

When I did manage to turn him, his feet shot out from under him and he fell on his side. The two of us slid for a yard or so on those stone blocks and my left leg was pinned under him. When the horse scrambled to his feet, I staggered to the nearest curbstone and sat down, sick at my stomach. My leg was badly mauled in that accident and even years afterward it was to give me serious trouble.

A shipping clerk's tools were a heavy pencil and a board with a spring clip at the top to hold the order tickets. I had to be familiar with the different kinds of moldings; also with sashes and doors and framing; and I had to know about grates and mantels and a whole catalogue of stuff which we handled. Usually there would be two or three wagons being loaded in the yard. A teamster would drive up to a stack out in the yard or under one of the sheds where the better grades of wood were stocked. Then, as shipping clerk, I had to slide boards down to the wagon and, at the same time, measure what was loaded. A glance was all the measuring required for some; any six-inch board was certain to be either a sixteen or a twelve-foot length. On the other hand, an order for skating rink flooring was a heart-breaker. Pittsburgh and its environs in that time were under the spell of a roller skating craze and many rinks were being built. Maple flooring was used and the boards varied in size, both as to width and length. As if to intensify and prolong our misery, keepers of small stores and shops began to install that same kind of flooring in their places of business.

The lumber yard also sold the kinds of lumber used in mines. Some teamster would arrive from a coal pit miles out in the country, almost every day, it seemed to me, around 12 o'clock, when I was aching for my midday meal. Any

such wagon had to be loaded immediately because the horses had so far to go and all roads were bad in winter. Probably it would be a mixed order. Consequently it would have to be scaled piece by piece and, on a cold day, knowing I would miss my hot meal, it would just about take my heart out as I contemplated, Yogi fashion, a private, one-man famine.

I did that kind of work long enough to know the parts of a new house as familiarly as a child knows the contents of its box of building blocks. I was getting only \$30 a month and began to itch with the idea that I could make money much faster if I built houses myself. A single house project should bring me, I could see, as much money as a shipping clerk earned in a couple of years. I asked my father for a loan and got it. He stipulated that I should pay the current rate of interest which was six percent.

All through the country around us then, and especially in the mining towns and villages, there was need for workmen's houses, and a ready market for them. I was 19 when I bought my first lot of lumber and had a plan made for a house. I took bids from several of the carpenters and builders who were always in and out of the lumber yard. It happened that the man with the low bid was also the one I regarded as the most dependable. My first house was put up at Homewood, about two miles east of where I worked. For house and land that cost me, all told, \$2,000 I could get \$2,500. After I had proved this to myself a few times I was in no danger of remaining in thrall to a payroll.



CHAPTER XV

Oil People

I have forgotten now how I got the news that an oil well had “come in” nearby. It was down the river a few miles to the west and north of Pittsburgh on land adjacent to what we think of as “the Williamsburgh of Pennsylvania,” a place called Economy, then inhabited by a dwindling populace strangely bound to one another, and calling themselves “Economites.”

We had long been accustomed to oil discoveries in Pennsylvania. “Rock oil” had been known to exist in Pennsylvania from the earliest times in her history; and ever since a well was completed on Watson’s Flat below Titusville, in 1859, men had been hunting and finding oil in Pennsylvania. Most people supposed that when we ceased to find it in Pennsylvania, the world would have to discover some other kind of fuel for its lamps.

Among the depositors and borrowers of T. Mellon & Sons were a number of oil men. Their most successful prospecting had been done along the Allegheny River. What made this latest well especially exciting was its proximity to Pittsburgh. This fact—that a new fortune for somebody was gushing out of the earth not far from where I lived—made me less certain of my desire to go to Connellsville to work. This was in April, 1889. A little while before I had confided to A.W. and Dick that I was tired of working as a shipping clerk at

the lumber yard. A.W. had said to me: "Well, we can give you a job if you want to be agent for our gas plant at Connellsville."

The offer had delighted me; and with no loss of time I got ready to go. On that morning when I heard about the new oil well at Economy, my trunk was packed, ready to be taken to the station, and in my pockets were letters of introduction to some people in Connellsville. But I couldn't resist the excitement down the river. Persuading myself that it wouldn't hurt to delay my departure one more day, I hastened over to Economy.

The wind carried the smell of oil to my nostrils even before I beheld the crowd that had gathered and was still gathering as I reached Economy about half past nine in the morning. A farm hillside was almost carpeted with horses and rigs. Most of the drivers of these vehicles had joined the big crowd near the well. What caught my gaze first of all was an incredible fountain spewing out of the earth in a great column that turned greenish-orange in color, where the sunlight shone through it, as it showered back to earth. The well derrick was almost hidden by this wonderful geyser. Already the oil had formed a pool in an earthenwork reservoir. In this pit, lacking light, the oil was black. All of us there in the crowd heard numerous "experts" estimate that this Legget gusher would produce between 700 and 1,000 barrels a day.

Right before my eyes men in the crowd, owners of surrounding farmlands, were being buttonholed by lease buyers who had swarmed to the scene as mysteriously as a special kind of fly gathers around a souring crock of fruit. I recognized a few. Yet, as I think back on it now and try to evoke

recollections of that crowd, I can see no more than parts of it. Many there were bearded men; here was an old fellow with a big watch chain and near him another man whom I later came to regard as the biggest windbag in the world. There were a lot of tall silk hats and square crowned derbies. A score of Economites were there as well: gnarled, sun-wrinkled fellows, each distinguished from the crowd of visitors by his hat, wide of brim and with a tall crown. These Economites no more mixed with the rest of us than the oil would mix with water. However, even they differed from the farmers less than the farmers differed from the lease buyers. Those oil men, thoroughly accustomed to crowds, to trading, to leasing, to traveling, were as alert as terriers.

Before long I met a couple of men I knew. One was a field agent for the Bridgewater Gas Company which was controlled by A. W. and Dick. This agent was anxious to lease up some of the land near the new well and I was more than anxious to see how leasing was done. So I asked permission to help him in his work. When he gave his consent my life as an oil man began.

The routine of leasing oil lands at that time was fairly simple, but it was rarely a brief transaction. Sometimes you would stay at one farm days on end; occasionally, though, a farmer was persuaded to sign a lease form within an hour or so. Each visit required a little brass and something more that verged on courage. Usually, on all those farms, there would be a dog around with a job to do. If the dog did not bite you, you were all right. In time I learned to take savage dogs and crotchety farmers in my stride. I must have slept a night or two on almost every farm in that part of western Pennsylvania. I discovered, in those first few days around

Economy, that it was part of the strategy of lease-buying never to leave your farmer so long as you had any hope of getting him to sign. If you did leave, some other lease buyer might move in and have him signed up when you got back.

During the thirty years before I began, lease buying had become a regular craft and lease forms were standard documents tested by time. Usually the lease buyer, for his part of the bargain, agreed to drill a well within a certain period of time, normally within a year; and, in return for drilling rights, the farmer was promised one-eighth of any oil produced. The other seven-eighths, of course, went to the lease-owner. In other words, the lease buyer would assume all the costs of drilling; and the farmer, for nothing, might then get an extraordinary return from land on which he had been grubbing away his life.

Usually, leases also provided that if gas were found, the land-owner would receive from \$150 to \$200 a well for each year that gas was produced and sold. Gas was not very valuable then, but oil was just like money. When a lease was sought from a farmer whose land was close to a producing well a small cash bonus, perhaps enough to buy his wife a silk dress, would be necessary to get him to sign a lease form. But if his farm was some distance away from any previous discovery, he could be persuaded generally to sign for nothing, just on the chance of getting a fortune in oil.

Actually the leases were fair propositions. Disappointment was encountered at the bottom of a hole far more often than oil. Any man who drilled a "dry" well would lose his money but the farmer was no worse off than he had been except perhaps that possibly fantastic hopes inside him had burst like a toy balloon.

The hardest to deal with were those who had no arguments, only an unshaped and fearful reluctance to sign a lease. Strong minded men usually were glad to sign; they realized that a lease was the shape in which this particular kind of opportunity was bound to appear. But the wishy-washy, indecisive type of fellow, who could not make up his mind, might sometimes be lined up by his wife. Most farm women turned feverish with hope when one of us appeared to suggest that there might be oil on their place. In those days life on farms meant endless drudgery for all but a few. Social life for them was limited largely to church; and another person likely to be helpful to a lease buyer with a stubborn or ignorant farmer to deal with, was often that farmer's preacher. If no help was to be obtained from the wife or the preacher, it was our business to find out whose advice that farmer commonly relied on. Sensible men invariably would advise the granting of a lease.

After I had spent almost a week associating with the Bridgewater Gas Company's agent I knew the oil business was what I had been looking for and I decided to go into it for myself. By then practically all the land for miles around Economy had been brought under lease. This was a business in which you had to act quickly. It was always a contest, a race with others.

When I got home I begged to be excused from the Connellsville job. Then, with the cheerful good wishes of A.W. and Dick, and a promise of backing when I should need it, I set out for a new oil field that was just opening up at Hookstown, Beaver County, Pennsylvania.

I went by train to Smith's Ferry, 35 or 40 miles south of Pittsburgh. That had previously been the scene of oil well

excitement but the shallow wells brought in there in the early days had often gone dry disappointingly soon. What had been produced at Smith's Ferry was an extremely fine crude which could be used as a lubricant almost as it came from the ground.

I crossed the river on the ferry to Georgetown, a venerable settlement. At a livery stable there I did something that I was to do untold numbers of times thereafter. I hired a horse and buggy for the week. In that rig I drove three miles up the valley to Hookstown. A little frame building there, the Hookstown Hotel, that bulged in the places where it did not sag, already housed a company of other treasure-seekers. We who moved in there were boarders rather than guests. Most of us were "oil people." Of these, I was the youngest and the greenest.

The fresh excitement at Hookstown had been made by the coming in of a 600-barrel well on a nearby farm. The lease-owner was a man named Rail, so it was known as the Rail well. I lost not a moment in finding the farmer who owned the land adjoining the farm where Rail was operating. I fairly clamped myself to him; and, before the afternoon's end I had his signature on a lease covering 15 acres. It was a perfect score. Acreage right next to the discovery well!

I felt inches taller as I went for supper up the walk to that old ramshackle hotel and heard men standing on the porch say: "There he comes. That's the lad that got it." They were flatteringly envious.

I hired a well driller and started drilling immediately. A.W. had said that he and Dick would be my partners and advance me money as I needed it. I needed money even before the well driller showed up with his rig and gear. Dur-

ing the first several weeks of our drilling I was a fairly calm and collected oil prospector. But as we went into the fourth week and began to get promising signs, I couldn't force myself to leave the premises in daylight; and later I stayed on the ground at night. Drilling went on night and day, in twelve-hour tours, which in the oil field were called "towers." Then she came in! But it was no gusher; just a little well with a production of 20 to 25 barrels a day. That was such an anti-climax after my grandiose expectations that I was crest-fallen when I reported to my uncles at the bank. To my surprise they behaved as if they had backed a champion. Dick said: "You brought in a well!"

When I went back to Hookstown next day to take another look, I made another discovery: along with that hydrant stream of oil there was a by-product and it flowed in my veins. It was a grand self-confidence.

I started drilling a second well right away. But I did not attend this one every day for I was hunting other likely places to drill more wells. Of course it was clear, after the first well came in, that I would get my money back—or rather, our money—and that was still true when the second came in, although that one's production was even more feeble than the production of the first. The second was scarcely a 15-barrel well. Yet again my partners congratulated me; or rather, they consoled me, because I was downcast with two such skimpy wells to show for their money and my two months' work. A.W. soothed my chagrin by saying, "Now, don't fret. John Galey couldn't have done any better."

I went back into the field on the following Monday morning more determined than ever. This time I stayed only a little while at Hookstown. After inspecting my operation I

set out on a long drive to a place 15 or 20 miles down the river, where there was some activity. This area lay between the one known as the Turkey Foot field and the Rail well; and I leased up land in different places. All of us then believed that the whole Berea area was going to become one tremendous field. But that was a delusion. Turkey Foot and Hookstown simply didn't hitch up.

For all of us oil prospectors this was merely a temporary disappointment, a blow to our pocketbooks. The whole world was our field for hoping. But those poor farmers had only their small holdings of land on which to base their hope of fortune. A number of small wells were brought in throughout that region; and most of them were good enough to justify their sinking. Each one probably gave the driller his money back and a little more, but it was what we know as shallow country and there was no bonanza in that Berea sand. Wells were drilled from 1600 to possibly 2500 feet. Even then that wasn't very deep; today no one ever expects to strike oil at such shallow depths.


My operations there, hard and unsatisfactory though they were, nevertheless gave me experience. For my next venture I started looking around for leases near the town of Coraopolis, on the southern side of the Ohio River below Pittsburgh.

Coraopolis lies on a small level area between the river bank and the foot of the hills. I began hunting for leases in the country east of the town, back from the river, in the vicinity of a tiny community called Bethel Church. The church officials were persuaded by my talks and leased to me some of the lands around the church. Such a venture should have been highly favored, it would seem, but the wells I

drilled were all in what we called "the hundred foot sand." They came in as flashy, big wells, but gave out fast. There would be a prolonged "burp" from underground and then no more flow. Everyone of us who drilled around there was bitterly disappointed.

After some months of this disappointing work I transferred my operations to various regions one after another. Then I found a farm I considered very promising. It was beyond the western end of Coraopolis and belonged to an old lawyer in Pittsburgh. He was an amusing man who invariably wore a plug hat. His name was Cassidy. He had taken a liking to me and I liked him because he was so genial and helpful.

Mr. Cassidy signed my lease largely, I suppose, out of sympathy for my plight, because he saw that I was just a kid. He knew very well—and cautioned me—that I was competing against shrewd men who had been engaged in such work long before I was born. They knew angles that I didn't dream existed. The shrewdest of all these men was John Galey. Galey, as it happened, was a friend of the Mellon family and of A.W. in particular.



CHAPTER XVI

Oil Lease Scramble

John Galey's father, Robert, and my grandfather were lifelong friends. The Galeys and the Mellons had been neighbors in Ireland; and I always knew Robert simply as Old Man Galey. He and my grandfather had come to America on the same ship as tiny boys. They had played together while their parents gossiped and speculated about the land they were approaching. The Mellons, with their little boy, had gone West; but the Galeys and their three children had decided to stay in Maryland. Later, they moved to Pennsylvania, but it was not until 25 years after their landing that Robert Galey and my grandfather found each other again. Thereafter they were often in each other's company. Many a time I listened while my grandfather and Old Man Galey yarned together about Ireland and their childish companionship aboard the sailing ship, and later experiences touching the oil fields of Pennsylvania.

Robert had married twice and fathered a lot of boys; John was of the first brood. After a boyhood on a Maryland plantation, John had started in the oil business in Western Pennsylvania. He was older than A.W., but they were good friends. He was an amazingly ingenious fellow in a variety of ways. Although improvident, he was in my opinion beyond question the greatest oil man of my time; and there are not many who will dispute this estimate.



MR. JOHN GALEY

A quiet fellow, never boisterous, never a show-off, he was unfailingly intrepid and aggressive in the hunt for oil. Always, money interested him much less than finding oil. His greatest satisfaction came from unlocking some long unsuspected treasure-house of nature; and a succession of dry holes discouraged him not at all. Many of the greatest fields and pools developed in this country were brought into production through the pioneering operations of this man.

You knew John Galey was a man, every inch of him, when you looked at him. Under shantied brows his wide-set eyes were keen; and from between them jutted a hawk's nose. Under the nose was a big brush of moustache. But you noticed his strong chin as quickly as you saw the moustache. Behind

those bright eyes of his there went on incessantly an almost feverish thinking about the hiding-places of petroleum. Petroleum had John Galey bewitched.

The always imminent possibility of quick fortune attracted a special type of man into the oil business; and as fast as he got his money out of the ground, he was probably planning to tie it up in further leases or deeper operations. John Galey, often rich, was never free.

One night when I was at home in East Liberty I was called to the telephone. The call was being made from Coraopolis by a man named Culbertson whom I had down there on the Cassidy place watching my drilling operations. Culbertson was trying to whisper over the telephone, which didn't carry whispers too well over long distance in those days. His news was that my well was "on the sand and filling up," which meant that it really was going to be a well. My first wild-catting operation was about to be successful!

In the mad scramble for leases which would certainly begin when my pioneer well came in, I would be no better off than anybody else unless I got on the ground early. I could be sure that on the following morning the Cassidy place would be swarming with people there out of curiosity, but lease-buyers, I knew, would waste little time looking at my well. They would be out signing up the owners of surrounding land.

The best of that land was the Kerr farm. If I could get the Kerr farm I would just about have the field. However, in East Liberty, I was in those days a long, long way from Coraopolis. There was no way to get there at that time of night directly by train, but it was possible for me to take the last train for the West, out of the Pittsburgh Union Station, and drop off

at Sewickley, which is on the opposite side of the river from Coraopolis. That's what I did. By the time I reached Sewickley and went from there down to the river bank, roused a man who owned a row boat and persuaded him to ferry me over to Coraopolis, it was 3 o'clock in the morning.

When we landed, in the entire village there was just one yellow light. It came through the window of the butcher shop opposite the depot. Why the butcher was up at that hour I have no idea now; but when I knocked he let me into his shop and while I ate my breakfast there outside it was still dark. Then, fortified by hot coffee, I set off afoot in the darkness for the Kerr farm. Farmers commonly got up at the first sign of day, so I could scarcely arrive too early.

Sure enough, when I approached old man Kerr's house, there was a light in his kitchen. He lived in the house with his sister who was preparing breakfast when I entered. The sun was well up before I completed a deal with Mr. Kerr, which gave me a lease of his whole farm except the upper end which had been leased previously.

My lease was buttoned in my pocket when I came out into broad daylight and saw a man striding up the road. He had come on the morning train and had managed somehow to get out of town ahead of all the others. I have forgotten now whether I grinned at him or simply said, "Good morning." It was John Galey. He didn't say much; but I had given him plenty to think about.

In that whole exploit, of which there was more, the best of all, I think, was my next trip to Pittsburgh. Whenever I had to go in to buy pipe or other supplies, I always went to the bank and reported progress, or lack of it, to A.W. and Dick. But on this occasion I didn't stop to buy pipe. I went

straight to the bank. A.W., after sending for Dick, listened and smoked. When I told them how I had beaten John Galey in a race to the Kerr farm, they were as pleased as they would have been by another and bigger well.

But I had more to tell because, after leasing the Kerr farm, there was still left a 50-acre tract that adjoined it. This land was right in the borough of Coraopolis. It was an undivided part of an estate. Title to it was terribly involved. There were two-score owners at least and they were scattered all over the country. One or two were in Iowa, and one, a prominent actress, Miss Julie Opp, was in New York.

After signing up a couple of the owners myself, thereby making the tract even less desirable for other lease-buyers, I found out that there was one old fellow in the town who had nothing to do but hang around the livery stable and who actually knew just about every one of the scattered heirs. This man had confidence in the Galey brothers. So I made a proposition to a couple of John Galey's brothers, to come in with me on this particular tract. One of these, Sam Galey, I had known just about all my life. He was one of A.W.'s best friends. Furthermore, Sam had become a connection of ours. He had married a Miss Drake, who was a niece of my Uncle Tom's wife. Indeed, he was one of the few people outside of the family whom A.W. called by his first name. To each other they were "Sam" and "Andy" always. I proposed to Sam that we hire the old fellow hanging around the livery stable to clean up this lease for us. We did that, and eventually we started drilling. I had a half interest in it, and I did well with it, too.

Thereafter Sam Galey and I were sometimes partners in other leases, but I never went into anything with John Galey.

John would have gone in with me; and, of course, I liked him enormously. But John Galey's partner was Colonel James Guffey, and Colonel Guffey and I never were friends. For one thing, he had become provoked with me because my uncles had consulted me about some oil property on which Guffey was trying to borrow money. They turned him down and he blamed me—harshly. From then on, Colonel Guffey, every time he was turned down by T. Mellon & Sons, was disposed to believe it was my fault.

However, all of the experiences I was having, which covered several years, didn't add up to as much as something which was just ahead of me.



CHAPTER XVII

"W. L. Mellon Special"

THE amounts of money which my uncles had been lending me increased steadily. But in addition to advancing money, A.W. frequently reminded me that the real way to make a business out of petroleum was to develop it from end to end; to get the raw material out of the ground, refine it, manufacture it, distribute it. He believed in that scheme of operation not alone for petroleum, but for many other types of business. The Standard Oil Company, big as it was, produced almost no oil. It bought crude oil at the well. The Standard Oil Company stood ready to extend a pipe line to any new well. But it was about the only company of any consequence that was doing so. A producer was almost compelled to sell his oil to Standard, which was mainly a business of gathering, refining and distributing oil.

Even after I began to make money in the oil fields, I never seemed to have any money, but in that respect I was like most of the oil men. None of us was disposed to stop, take his money out of the wells, and go home. Each well, whether successful or unsuccessful, provided the stimulus to drill another. Consequently, it seemed as if I was always needing money. Of course, my stake was growing bigger; and for that reason, during that time A.W. and Dick were lending me quite large sums of money; or rather they were advancing the money under an agreement which we had with one

another as partners. That agreement, for about four years, was just a verbal understanding. However—to skip ahead a little—on June 20, 1894, we put down on paper the terms on which we had been operating and continued to operate in the oil business. That document read as follows:

“Memo of Agreement under which the business and operations have been carried on between A. W. Mellon, R. B. Mellon and W. L. Mellon, associated together as ‘W.L. MELLON SPECIAL’, comprising the W. L. Mellon oil producing properties, the Crescent Oil Company, Ltd., the Crescent Connecting R. R. Co., and the Bear Creek Refining Co., Limited.

“That A. W. Mellon’s share of the whole is thirty-five per cent—; R. B. Mellon’s thirty-five per cent—; and the share of W. L. Mellon thirty per cent—

“That all salaries from any of the companies or interests for services by either of us shall be turned into the account (W.L. Mellon Special) without regard to who shall have earned the same, and be treated as other earnings of the association, excepting that W. L. Mellon shall receive from the association a personal salary of Two Hundred Dollars per month from July 1st, 1893.

“Pittsburgh, June 20, 1894—

(signed) A. W. Mellon

 R. B. Mellon

 W. L. Mellon”

The original advance had been about \$10,000; then the account grew to \$25,000, to \$50,000, to \$100,000. Eventually it began to run into staggering sums. While my two uncles had this special arrangement with me, they had other special arrangements with others, for their vision of oppor-

tunities embraced many things besides oil. But oil was my love.

During my boyhood the biggest of the oil men used to come to visit with Judge Mellon, my grandfather; and while they talked, I was an avid listener. The Judge may have invested some of his money in producing wells, but it would have been unlike him to have taken even a flier in a wildcat drilling venture. Andrew and Dick were more daring in business. They were often solicited to back some oil venture. Among others, several of the Galey boys sometimes brought propositions to A.W. But I can find no evidence to indicate that my two uncles ever really put a dime in oil directly until they decided to be my partners.

Maybe A.W. had loaned money to John Galey. If so, he was soon cured, much as he liked John. There is a letter of A.W. which in my opinion appraises John Galey exactly. It is a reply to someone who had solicited an opinion concerning the credit and standing of this greatest of all wildcatters. A.W.'s letter, dated March 18, 1897, reads:

"I have your favor of yesterday, making inquiry concerning our friend, John H. Galey. You asked me a pretty difficult question to answer. Generally speaking, I do not think anyone will lose any money with John; on the other hand, he is so careless and always has his affairs at such loose ends that it is very seldom he is prepared to meet any payment for which he is liable. He is, as you know, associated with Mr. Guffey, and how his account stands between himself and Mr. Guffey, I do not know, and doubt whether he knows himself. He has, in the last year, been scattering money here and there in the West in several mining operations, unwisely, I think. He has made money in certain oil interests in connection with

Mr. Guffey, but his mining interests will be, at best, difficult to realize from, as usually they absorb a good deal of capital. With us, we do not loan John money because it is so difficult to collect that I always feel we can keep better friends by refusing in the first place. If he owed us money, however, I would not feel that it was in jeopardy of loss, as, by taking the trouble to look after it, I know it could be collected. I think John has some borrowed from his brothers, but it is a comparatively small amount. He has interests that I know of that are valuable and could clean up, I believe, considerable money at present, but it is as likely as not he will get himself into further debt and his affairs into a tangle again before long. On the other hand, he is in some promising ventures that may make him money. I hope John may settle down before he gets very much older and get his affairs in good shape for old age, as he is, as you know, thoroughly honest and well intentioned in every respect."

Many times John Galey was "in" promising ventures. In 1891, half a dozen years before the above letter was written, John was in the McDonald field and that was a great one in Pennsylvania. It was called the McDonald Field because the first well that came in on it was near the town of McDonald, 13 miles southwest of Pittsburgh, on the panhandle of the Pennsylvania Railroad.

As late as 1891 all the oil being produced and refined outside of Pennsylvania and Ohio was negligible. Even though that situation was about to change sharply, nevertheless, then and for some years afterward, any oil man, wherever you found him, was almost certain to be a Pennsylvania or an Ohio oil man, and Pittsburgh was indisputably the capital of the oil industry.

Consequently, when a discovery well was brought in right at the doors of Pittsburgh, there was a tremendous rush into this new field. Men who had given up lease-buying were tempted to go out and lease again. Even normally, promising land was quickly leased, but this time, due to the nearness of the field to Pittsburgh, it was simply gobbled up. So, when I got there, the only worthwhile places I could find were some miles from the town of McDonald. The first lease I made near there was for the McCurdy farm, four or five miles closer to Pittsburgh. But there was a tract of land in the neighborhood which tempted me much more.

All of us who bought leases and drilled wells engaged in a kind of blind man's buff with nature. The more capable prospecting was guided by a combination of instinct, experience and rule-of-thumb geology. Consequently, one would arrive at a decision that oil was to be found most probably in association with the base of some mountain ridge or creek bed or some other geological feature of the surface, without stopping to think who might be the owner of that surface. In this case, the place that seemed most attractive to me had for many years been used as a burying ground. It was a churchyard cemetery.

Nearly all the country graveyards in the oil region at one time or another were leased to oil men, and I leased this one. The vestrymen of the church had full power to make a lease and they would have been foolish not to do so. At first thought it might seem to be an impious thing to do; but actually, when oil was found in some neighborhood, any graveyard there was soon encompassed by a forest of derricks. If oil was in the ground and the vestrymen did nothing, the oil would be drained out anyway. But if they simply signed a lease

and allowed some driller to proceed, they might get money enough to build a fine new church or extend charitable operations enormously. In this case I put my well down in the corner of the churchyard so no grave was disturbed; and we did strike oil. In fact, I think back on that churchyard drilling as one of the best of my early operations. As I remember, it was about a 1,000 barrel well.

In that same time John Galey and Colonel Guffey were partners in a lease on the Matthews farm in the McDonald field and their well had come in as a great gusher, as such things were measured in that time. It produced possibly 10,000 barrels a day in the beginning and months later it was still producing as much. If Galey was ever going to be a rich man, he should have been one then. But, for the reasons given in A.W.'s appraisal of the man, he was never really rich, and it was never because people took advantage of him. It was because John Galey paid scarcely more attention to what he got out of the ground than a terrier that throws earth out between its legs. Whether he was looking for oil or gold or silver in his prospecting, he wasn't seeking money nearly so much as his own peculiar kind of excitement. The finding of treasure seemed to mean more to him than anything the treasure could buy.

I remember one time when John Galey, while opening up a mine in Arizona, got quite heavily in debt for payroll and a lot of other things. Those western miners were not to be put off, even to the next Saturday, and a gang of them went after Galey with guns and a rope. Galey was never tongue-tied in an emergency. He made a deal with them: if they would give him a week, he would go east to Pittsburgh, see his friends, the Mellon boys, and come back with the money.

Dick told me that John seemed still out of breath when he stepped into A.W.'s office. Of course, on that occasion, this old friend went out of the bank with the money he so desperately needed. Afterward, the property Galey was defending became a very well-known mine.

Many of the oil men were rich one day and poor the next—and then probably rich again. For a great many of them the oil business was more like an epic card game, in which the excitement was worth more than great stacks of chips. I knew just about everybody in the oil business.


Old John Galloway comes to mind, bald, moustached, and with a long goatee. He was familiar with every field. He was such a wit that it was a joy to encounter him in the field. Anyone had to get up very early to be ahead of old John when we were hunting leases in some new field. Many of those old fellows had been Union Army soldiers. One, Phillip Martin Shannon, was an extremely successful driller of wildcat wells. When I was starting he was already extending the oil frontiers into Ohio and West Virginia. Later he operated in Wyoming.

What tempted those old-timers farther and farther from Pennsylvania was exactly the same thing as would take a trout fisherman deep into the forest—to get away from other fishermen. They had to have a special understanding of the oil game to go as Galey did—as did Shannon, to a lesser degree—into states where oil never had been found and there to find it, very likely with their first well. Of course, for one who was shrewd and able like John Galey, there were scores far less able. There were windbags, dreamers, gamblers and a variety of others whose faults were more conspicuous than their virtues.

One of the men every one of us had to deal with was Glenn Braden. He was a kind of tin god in the oil fields. A young man, only ten years or so older than I, Braden had a position of terrific importance. He was General Superintendent of the National Transit Company's pipeline system. Its pipelines ran all over the oil fields in Pennsylvania. They were being extended into New York, into West Virginia; and, later on, they went into southern Ohio and, thereafter, far into the west. When you faced Braden, the operating head of this company, you were looking at Standard Oil. Standard owned all the National Transit Company's pipelines.

There was nothing mysterious about a pipeline to any oil man. The average oil man built a little pipeline any time he drilled a well. Usually he laid a pipeline to the nearest creek in order to get water for the steam engine that operated his rig. After he got oil, he put up storage tanks and these had to be gauged. That was done by an official gauger, commissioned by the State, who would measure the tank, work out a table and then put an official mark on that tank, showing how many gallons each inch of depth represented.

Here is how oil was sold to an oil company: Every pipeline company was a common carrier; and soon after oil was struck, a company would lay its line right up to an oil man's tank and carry his oil away. They could get their money from the pipeline company by the day or the week or the month; almost any time they wanted it. So, if oil was \$1 a barrel and you had a 1,000 barrel well, you could collect at the rate of \$30,000 a month, less the usual $\frac{1}{8}$ royalty to the owner of the property and other slight deductions.



CHAPTER XVIII

Oil To Seaboard

U ntil after we got that good production at McCurdy I had sold almost no oil to anyone except the Standard Oil Company. Then a friend of mine tipped me off to a rare opportunity, a chance to sell oil to somebody else. This friend was Joseph Craig, who was associated with Elkins & Widener, Philadelphia financiers, who for some years had been gathering oil in Western Pennsylvania and shipping it in tank cars to their refinery in Philadelphia. They had built up a stiff competition for the Standard Oil Company in the export field. Then the Standard Oil Company bought them out.

Craig told me—and it had great significance—that although the Standard had bought the oil business of Elkins & Widener, it never could buy, in his opinion, the good will of one of Elkins & Widener's biggest and best customers. This was a French firm, Fenaille & Despeaux. For some reason the Frenchmen disliked the Standard; or, possibly, certain Standard Oil people. Fenaille & Despeaux, had one of the biggest refined oil businesses in France.

I went to New York, called on the American representatives of this company, convinced them I had the oil they needed, and got their business. Thereafter, instead of putting all of my production into the Standard Oil Company's pipeline, I began shipping it in tank cars to New York, where it was loaded on small steamships owned by Fenaille & Des-

peaux and carried to France. We made money out of those operations from the start. Soon I got another foreign customer, a Spanish firm. A third, Paul Pays & Co.—French like my original foreign customer—came even more easily. In order to handle all this business, we had to buy a lot of tank cars.

The next step followed a further success in the production field. South of Wheeling, West Virginia, about 115 miles from Pittsburgh, I had leased some land and started drilling. We struck oil down there and consequently I had more crude oil to feed into an export business. The West Virginia production, plus that first class production in the McCurdy field convinced me and my partners that our operations justified the building of our own pipeline to gather oil from our own wells. But before starting the pipeline, I wanted some experience in refining.

One of my local customers for crude oil was a man named W. L. Dubbs. He had been having considerable difficulty running a little refinery at Baden on the Ohio River. Dubbs was destined to become famous in the oil industry. He was an inventor and eventually took out patents for processes which he had developed primarily because of an interest in asphalt, but which proved to be among the kingpin patents on which modern oil-cracking is based. However, at that time (about 1891) Dubbs was not famous at all. He simply had his tiny refinery at Baden with a production of a few hundred barrels a day. On a losing basis, even that small capacity was rapidly breaking him.

When I called on him I found that he was ready to give up. He didn't know whether he wanted to sell the plant or shut it down and resume operations later. I explained that I wanted

to learn the business, and that, if I could have the use of his refinery for a few months, I would be able to learn a good deal. I pointed out that one benefit to him, while I was running his refinery, would be that it would be kept in working condition yet would no longer be eating up his money. So Dubbs was persuaded to lend the refinery to me for a while.

With that borrowed refinery I started learning how to refine oil. In the beginning I had a barge to bring my crude from Coraopolis down to Baden, as Dubbs had been doing. I quickly found that barging this oil created a nuisance at the very front end of the operation. The barges leaked; oil leaked out and water leaked in. To end that difficulty I laid a pipeline from Coraopolis to the little Dubbs plant. It was only a small line, three-inch pipe as I remember it; just enough to keep my experiment going. Then I built another line out of Coraopolis clear back into the McCurdy farm, also to places in the McDonald field and to wherever else I could get my own oil or buy that of others. All this oil was pumped down to the railroad at Corapolis. Later on we were to extend this pipeline system to Sisterville in West Virginia and up into Butler County, Pennsylvania. From Coraopolis the oil was shipped to New York by tank car.

We kept increasing our customers; and we discovered, too, that our growth was by no means limited to our own production. Many oil-well owners were delighted to sell to us. Therefore, our business of producing, buying and exporting oil grew gratifyingly and prospered all through 1891. Altogether, we owned about 200 tank cars.

Then, like a thunder clap, we got a blow that took some wind out of us. The railroad informed us that it was raising

its rates. The initial rate raise was just enough to make our business profitless.

When we met in A.W.'s office at the bank neither he nor Dick nor I felt we were confronted by any mystery. The railroad had raised our rates, but we concluded, sensibly, and without bothering to scratch around for evidence, that the railroad had acted in this way to please its gigantic customer, the Standard Oil Company.

This meant that the Standard Oil Company had come to regard our business as a rival enterprise worthy of their attention. Of course, Elkins & Widener for several years prior to 1890, when they had sold out to Standard Oil, had been in a position to grow into a really formidable competitor. I assume that the Standard Oil Company had supposed when they bought out Elkins & Widener that they had ended that competition once and for all. Then, when they found that Fenaille & Despeaux, biggest foreign customer of Elkins & Widener, were outside their fold, nourishing another competitor to bigger size in the oil fields, they must have felt considerable chagrin.

As we considered our situation, A.W.'s blue eyes stared into space. We had to decide whether to continue to carry out, without profit, the contracts we already had for the delivery of oil to the seaboard, or build a pipeline to the East where we could tie on to another railroad.

No conspirator of medieval times went more cautiously about this business than I did in going to meet a railroad man who, we thought, could help us solve our problem. He was the president of the Reading Railroad and we felt safe in presenting our problems to that company largely because, in those days, the Reading was in a row with the great and

powerful Pennsylvania Railroad, and we suspected that the Pennsylvania Railroad, no more than Standard Oil, would relish the idea of our building a pipeline that would be unquestionably a rival public carrier. The president of the Reading heard my story, agreed to keep our secret, and made a contract with me to carry our oil at a very low rate to tidewater.

When I had made that arrangement the route of our pipeline was pretty well established. The nearest and most convenient place to effect a junction with the Reading was at Carlisle, Pennsylvania, approximately halfway to seaboard from Pittsburgh. Naturally, we had not planned to build a pipeline and then wait and see how the opposition might further obstruct us. So, one Sunday I had gone down to Philadelphia to meet a man who had proved himself very able in solving for the Reading Railroad in and around Philadelphia just such a problem as I now had. This man's name was Joe Ellis. He was a brother of the better known Philadelphian, J. Pemberton Ellis. Joe had had a lot of experience in getting for railroads sites for terminals, warehouses, docks and yards. Just prior to this time there had been some kind of a flare-up of competition for desirable sites between the Pennsylvania and the Reading, and in this contest Joe Ellis had done some excellent work for the Reading.

I knew that we would avoid blunders if I took him for a guide in preparing to establish for our oil business a big ocean terminal. I wanted to get our oil out of the field and on ships, if possible, without going out of the state of Pennsylvania. This was common sense because we had friends all over Pennsylvania.



CHAPTER XIX

Pipe On The Cuff

Ill well remember that Sunday morning when I met Ellis in Philadelphia. If you were going to hunt lions in Africa you would want an experienced guide, and I was hunting something much more rare because for centuries the best dock sites had been bargained for and put to work. A glance at the map will show that the Delaware River at Philadelphia is the small end of a "horn of plenty," out of which moves all of Pennsylvania's sea-borne commerce. Most of that horn, the wide river and the bay, lies between Delaware, on the south littoral and New Jersey, on the north.

Ellis took me to Chester to begin our hunt. The best waterfront property shown on the map that Ellis and I were using was a piece of a little more than 50 acres owned by a butcher in North Chester. We went to the butcher's house. He wasn't asking a very high price for the land, and just to be on the safe side, I paid him for an option even before I went to inspect the property.

Thereafter, Ellis and I walked all day along the river bank from Marcus Hook to Wilmington. I was never more tired in my life. In the end the butcher's waterfront land proved to be not only the best I had seen but just what we required. On the site which we chose for our dock there was a channel deep enough for a liner or a battleship. The ideal thing would be to have not only a terminal but a refinery there at the water-

side. For a refinery we would need still more land. Ellis had information about a farm that adjoined the butcher's land. Without hesitation I bought that farm. When I had these two parcels of land sewed up, I drew a sigh of relief. The map that we were using indicated that the dividing line between Pennsylvania and Delaware ran right through our 50-acre tract. I was at the very edge of Pennsylvania.

The fact that Ellis and I had done our shopping for a site on Sunday gives some hint of the pressure on me at that time. We were losing money on every barrel of oil we shipped over the railroad and that loss would go on piling up until we had eased ourselves out of a trap by building the pipeline.

A.W. believed that if I shopped around, I would be able to buy the pipe I needed "on time." If I could get favorable terms, the oil itself would actually build the pipeline. I succeeded in making such an arrangement with the National Tube Works, which had a plant at McKeesport. At that time it was an independent company owned in Boston. As I recall it, the payments for the pipe they sold us were to be strung out for several years.

The men who surveyed the pipeline were a firm of young engineers, Jameson & Fogg, who were established in Greensburg, near where we had had our country home in my childhood and where various relatives of my grandfather lived. Because they were young men and lived in Greensburg they suited me better than older engineers. These young fellows laid out the line for me straight through to Carlisle. I knew to the foot just how much pipe would be required.

I rarely got a full night's sleep during the months when that pipeline was being constructed. Eventually, in order to increase the number of gangs working on the project, I had

to get pipe faster than the National Tube Works could make it for us. So I was in a great hurry to find another pipe manufacturer who would give me pipe "on the cuff."

In Pittsburgh at that time there was a firm of old-time iron people who were manufacturing pipe. The head of the concern, Mr. Chalfant, was an old fellow whose appearance suggested that he never had a dime although he was really well to do. He was crochety and could be ferocious or gracious, depending on his humor. One of his business enterprises was a small financial institution, the People's Bank. That is where he was generally to be found. I knew him by sight and I remember standing in the front door of that place, looking around for him. There he was, about 25 feet from the front door, working at a flat-topped desk, in his shirtsleeves, with no more "side" than if he had been one of the clerks.

I went to his desk and told him that I wanted to buy about 15 miles of pipe in a hurry. He was writing and kept on writing, and after a long silence, I said: "And I don't want to pay for it for a little while."

He kept on writing. When I had become fearful that he was going to snap me off, he said very quietly and without ceasing to make his pen scratch, "Why, that's perfectly all right." I stood there looking at him; and, suddenly, with a glow, I realized that it *was* all right. I had my pipe, and it seemed to me that our shipping losses were practically at an end.

We were building a pipeline with a capacity of 7500 barrels a day, and it was meant to be as good as any pipeline could be in that time. The logical way to organize the construction job had been to make each pumping station a separate construction section because it was in fact a separate

pipeline. A golf course would provide a rough analogy if golf were played in a straight line. We had the storage tanks at the end of each section to receive the oil and then another pumping station, or driving tee, to send the oil on into the next "hole," or tank. Each in that time was to be a tight tank of several thousand barrels. Some were larger. A pump lifts the oil out of one tank and sends it through a pipeline section into the next tank station.

We were building our line into Carlisle, our goal; we found that our opposition had reached there first. Abruptly, the president of the railroad was fired, and the railroad sent me a formal notice that they would not recognize the contract signed by him.

We were satisfied that we could sue and probably win, but that would take a long time and there was always a possibility that we might lose. Anyway, by that time I had the bit in my teeth and wanted to finish the job. So A.W. and Dick and I agreed to continue the pipeline straight on to Marcus Hook, a total of 271 miles from Gregg Station. The undertaking became a million-dollar job.

To link up this whole system after it had been designed and laid out took a lot of driving and work. I was on the road all the time between Gregg Station, just outside of Pittsburgh, and Marcus Hook. In between, I had rarely less than half a dozen separate construction jobs. There were the various pumping stations on the line, there was the dock site with its big storage tanks; and then, too, there were the section gangs. On some of those sections we had two gangs working simultaneously. We were laying miles of pipe every week.

Naturally, our pipeline route was much shorter than any railroad route, or any highway. It went across the Alleghen-

ies straight as the blade of a saw—up and down hill, but straight.

Our leasing men had gone out with the surveyors. I had had too much experience in buying leases to find much difficulty in such a relatively simple operation. Nobody would be troubled by the pipeline once it had been buried in the earth; and practically every land owner was glad to get the money that we offered. Moreover, as the oil business, born in Pennsylvania, had some age to it, our state had a general pipeline law.

New Jersey had no general pipeline law; and opposition forces, whether rival pipelines, railroads or others, were still able to block the building of pipeline across that state simply by buying a strip of land at right angles to the proposed line, and then refusing permission for laying a line across that land. This kind of obstruction was impossible in Pennsylvania. At any point where we found ourselves unreasonably held up we would go into the courts and acquire our right of way by condemnation proceedings. What was exercised on behalf of our pipeline was the right of eminent domain.

Because we built a straight line of pipe and the Pennsylvania Railroad followed a winding course along the lower places in the mountain ranges, our pipeline repeatedly had to intersect the railroad's route. The Pennsylvania Railroad in those days was something relatively new in the universe. It was enormous and powerful and jealous. In the politics of Pennsylvania it was rated almost next to God Almighty. The men on its payrolls were wonderfully devoted to it, as faithful as watchdogs and sometimes no more discriminating. When we came along, some of those men were determined that this upstart pipeline company should never cross their

tracks. So, when we would build our pipeline under the tracks or through a culvert, and then breathe a sigh of relief, we would breathe it too soon, for next day our pipe would be found torn up. Then we would go into court and get an order.

It wasn't a sensational fight, and I don't know now that the Standard Oil was behind it, but I assume that some people in the Standard Oil and some people in the Pennsylvania Railroad were pretty jealous. I do know that at every point where the Pennsylvania lay across my path, there was a row. There would be a delay of two or three days; then we would get our permit and go on with our construction work. Unquestionably we were harassed, but not really seriously—and I don't think the other folks were very much annoyed, either. Each time some of our pipe was torn up, we had a few employees of the Pennsylvania arrested. Then we relaid it and had, as a rule, no further trouble at that particular point. But for me, it was like slaying dragons to get that pipeline built.

A.W. and Dick were enjoying my advance more calmly, but probably just as much as I. Always Dick's nostrils flared at any suggestion of a fight; but A.W. had been surveying this whole project in a way different from that of the men who had gone out into the hills with their transits. From the very beginning he had seen that there was no obstacle that could hold us up, provided we did work diligently and did not invite trouble.

There was one final problem at seaboard. We had changed the face of the landscape on the river swiftly. But Reading officials shook their heads lugubriously when I asked them about building a short line from Chester to our terminal. By this time, to settle their disputes, the Reading and the Penn-

sylvania had made a deal whereby the Reading agreed not to build any tracks into the area around Marcus Hook, which the Pennsylvania regarded as peculiarly its own domain. Nothing I could say moved them. So then I myself had to build a short railroad line, which we called the Crescent Connecting Railroad. It ran from our terminal to a junction with the Reading near Chester. We had a bit of a row over that, but when the line was built, we had reached our goal, a place at seaboard where we could accumulate oil to be loaded on ships.

As a transportation company, a "common carrier", the Crescent Pipeline Company could not move its own oil legally. Consequently, we created a company called the Crescent Oil Company which bought our oil and then, as a customer of our pipeline, shipped that oil. The Standard dealt with that situation differently. They had an oil buyer operating in the country then with a Paul Bunyan reputation. Actually he was a fairly insignificant individual named Joe Seep. Yet, every barrel of Standard Oil moved in Joe Seep's name!

In November 1892, six months after we had started laying pipe the last section of the line was in and water had been pumped through it as a test. Then I went down to Marcus Hook. There was still no dock, but there was a cluster of tanks with a capacity of 37,500 barrels each. The smallest tanks we normally build today would hold not less than 50,000 or 80,000 barrels of oil. But those tanks of mine seemed monumental to me at that time.

We had a wooden stairway rising from the bottom of each tank to its top. For several days our own oil from McCurdy Field had been filling up the line. Starting from

Gregg's Station, it had been passed from station to station; and now, as I went up those steps, it was getting close to Marcus Hook. But the big tank, as we reached its roof and opened up a trap door, was quite empty. George Craig was with me. He had been a pipeline superintendent for Elkins & Widener and now I had chosen him as one of the top executives of our new company. We seemed to be at a dizzy height from the ground.

Then I heard a thin shout coming up from Pat O'Brien, the pipeline superintendent on the ground. On that cold November day his vest was unbuttoned and a red flannel undershirt showed below his rolled-up shirt sleeves. Through cupped hands he was yelling: "Here she comes!"

A cavernous belching sounded in the tank. Then it came! The greenish oil jumped into view and held its shape as an arching girder, seeming to support the tank from its bottom, rather than to be an opaque fluid falling into it. My big job was done. It had taken just six months to release ourselves from thralldom to punitive railroad rates.

Even with oil flowing across Pennsylvania from what was the world's biggest field, we nevertheless were losing some of the opportunities open to us because we lacked facilities for refining oil. Our next problem was to get a refinery established on that farm site I had bought at Marcus Hook.

Various markets in the world wanted different kinds of oil. Not all were prepared as were Fenaille & Despeaux, our French customers, to refine the crude that we shipped to them. The Spaniards, for example, must have an oil free from gasoline. In England, oil was wanted for other reasons; and in California, the market called for still another kind of oil. Already we could put more crude through our pipeline

than we could sell as crude. Before we had the pipeline we had one customer who could take almost more than we could ship, but with the pipeline we needed more customers. Everywhere we looked for markets for our oil we could see a further need for having our own refinery.

There were a great number of small refineries in Pennsylvania; at Oil City, at Titusville, at Warren, and all through the oil country. A few of the biggest were running a thousand to five thousand barrels a day. Most were much smaller. Among all these independents one of the best was the Bear Creek Refinery, 12 miles up the Allegheny River from Pittsburgh. It was controlled by an extraordinary old character named Benjamin Bakewell Campbell. The Bakewells had started one of the first glass factories in Pittsburgh. Campbell himself had been in the oil business during all the period when the Standard Oil had been growing bigger and bigger and he was a director of the Independent Oil Refiners' Association.

Campbell had an office in Philadelphia which was a kind of clearing house for all the little oil refiners of Pennsylvania, most of whom produced lamp oil; or, as we called it then, "export oil." Campbell's biggest customer abroad was the C.T. Bowring Company in England. Thomas Bowring, one of its partners, was Lord Mayor of Liverpool. This company operated a shipping business out of Liverpool and owned some ships. One, the *Bear Creek*, they jointly owned with the Bear Creek Refining Company. It was a tanker that carried kerosene from the United States to England. Until this tanker was built, the Company had been able to buy its kerosene only in barrels, which made it more expensive.

The Bowrings had other uses for ships. They had devel-

oped a fish business and dealt with fish merchants up in Newfoundland. Benjamin Campbell had more than ordinary importance as an independent because of his association with the Bowrings.

Each time that the *Bear Creek* was making port at Philadelphia, Campbell, through his Philadelphia office, would canvass all the little independent refineries. He would inform each one that he had orders for, say, 20,000 barrels, and that he was trying to accumulate a cargo of that size for a ship which was making port on a certain day. Then he would say, "Let me know by Tuesday how much you will supply." He would pick up 1,000 barrels here, 2,000 there, 500 from another place. He himself could supply only a small part of the needs of his foreign market, because his Bear Creek Refinery was small. Nevertheless, it gave him a handle with which to work the business.

Old Mr. Campbell was full of fire and ingenuity. He had established a connection with C. B. Fuller & Company on the Pacific Coast, wholesalers in anything people in remote places might need. Wherever there were mines—in California, Washington or Oregon—it was most likely that the mine bookkeeping and other night-time chores were done by the light of kerosene gathered by old Campbell and shipped to C. B. Fuller & Company.

On the Pacific Coast, Bear Creek lamp oil and a special oil for stoves had taken their place with Winchesters and Wells Fargo. The Fullers had to have all that oil in cases. A case was two five-gallon tin cans fitted in a box, probably devised as convenient packaging for ultimate delivery on a pack animal. Originally, Campbell had shipped his case oil in American clipper ships. I myself sent a number of cargoes

of oil to sea in clipper ships. But by the time I came along, we were nearing the end of the clipper ship era.

Campbell already had started shipping some oil by rail and had run into a difficulty which he overcame ingeniously. The railroads on account of the long haul made a charge for bringing empty tank cars east across the continent. That ate up his profits. So he invented a hybrid box car that contained at each end a flat tank. These tanks were floored over, so that freight could be loaded into all the space between the tanks and above them. This space was available for freight both on the westbound and the return eastbound trips. By means of this invention Campbell had succeeded in lowering his rail freight costs to a point which gave him a profit. The Bear Creek Refinery, at the time we bought an interest in the business, had built and owned a number of these hybrid cars.

A simple way for Crescent to get customers was to buy a half interest in the Bear Creek Refinery Company. So we made a proposition to old Ben Campbell. As our pipeline, with its constant flow of crude, our storage tanks and our docks represented pieces that were missing from Mr. Campbell's mechanism, he sold us a half interest in his business. In this way he solved his problem of scraping up oil and in a considerable measure solved our problem of getting more customers for our constantly expanding flow of crude. Before very long our business fully justified the building of a big refinery on our Marcus Hook farm site.

Even before our dock was finished we had started lightering oil to the French steamers at their anchorage. Of course, for each ship, it was necessary to go to the Philadelphia custom house for clearance papers. This had been going on for about six months and our docks were just about

completed when we got a sternly phrased notice from the State of Delaware that our ships were sailing from waters in Delaware and that our cargoes were being loaded from Delaware soil. It turned out that I had built the docks right on the Pennsylvania-Delaware boundary line. From that time onward all our ships were cleared in Delaware.

With the pipeline, the refinery and our own producing wells, we had, by the beginning of 1893, an integrated oil business with a volume that was really impressive. From the reports of the New York Exchange it appeared that our shipments amounted to ten per cent of the oil exports of the United States. The backbone of this business was the pipeline. That had cost a million dollars, a large sum for any kind of business in 1892. As a matter of fact, the Standard Oil trust's capital stock at that time amounted to not more, I think, than a hundred million dollars. Better testimony than my memory of our own size is a letter, dated December 27, 1892, which A.W. wrote. He said:

"We have over two and a half million dollars invested in the oil business, having extensive pipelines in the oil fields, seaboard pipeline to the Delaware River at Marcus Hook where an extensive refining plant and docks are located. We have ample storage capacity for crude oil, having in our storage tanks at present in the neighborhood of 1,000,000 barrels." I took a good deal of pride in this accomplishment.



CHAPTER XX

Cashing In

Wherever we hooked a gathering line onto some new well in Pennsylvania, Ohio or West Virginia, we enlarged our hour-to-hour need of cash.

An oil company never gets its oil on credit. An oil producer whose oil is going into a pipeline can walk right in and get the money any time he asks for it. The company must have that money; no maybe about it. Of course, we were paying not merely royalties to the owners of the land on which there were wells owned by *us* but we were also paying out more and more money to other oil producers. Then abruptly, it became next to impossible to get cash for any purpose. The panic of 1893 had begun.

For each shipload of oil that we sent abroad we got a credit immediately on a foreign draft and that money would be put into a New York bank. But I couldn't get any cash out at the American end. My biggest deposits were kept in the Bank of America on Broad Street, New York City, an institution as old almost as the United States Treasury. I would walk in there with a foreign draft in my hand, from Fenaille & Despeaux or Bowring, and someone would say, "Oh, yes. That's all right. Just as good as gold. But we haven't got the gold nor any kind of cash. Perhaps a draft . . ."

I couldn't pay desperate people out in Pennsylvania nor meet a payroll with a draft. But I found a way. Across the

street from that big bank in Broad Street there were some newly opened cellar shops. In these, money-lenders were handling money as a commodity. Their cellars were stocked with it. They had hard money there, gold and silver in boxes, kegs, barrels, and canvas sacks. It was stacked up in full view when you did business with them. For a draft such as I would bring to them I could get my cash for five percent; for \$105,000 I could get \$100,000 in gold, silver and bills.

The money lenders themselves were reversing the usual current of business by buying the money they sold from restaurants and shops where it accumulated. They were buying "retail" and selling "wholesale." A weird reversal indeed! The places where money was not flowing was through the banks. All over the land banks were shutting down.

In my whole business experience there was never a time to compare with that terrific panic of 1893. In 1907 we had a somewhat similar squeeze, but it lasted only a few days. But despite the general business paralysis, we put 3,000,000 barrels through our pipeline and our other channels during 1893. We had become one of the biggest independents by the time I was 25 years old.

Another kind of difficulty that confronted our business was gradually assuming greater proportions. We all had realized for sometime that petroleum was no longer to be regarded simply as a Pennsylvania product. When men had talked to John D. Archbold of Standard Oil about finding oil in Kansas, Wyoming, California or Texas, he had scoffed and said he would "drink every gallon of oil that came in west of the Mississippi." Then John Galey and Jim Guffey, as if to mock him, brought in wells in Kansas. Mark Shannon, instead of merely leasing, bought a lot of cheap land in Wyoming and

he brought in wells out there. We ourselves were expanding in West Virginia and producing a lot of oil elsewhere outside of Pennsylvania. As an exporter, I was alert to the oil that was coming out of Russia into European markets. These new sources hung over the market all the time like a thunder-cloud.

Everybody in the industry was incessantly fearful of what still further production might do to prices. Then, over in Ohio, the Lima Field came in. At first, although the volume of oil that was gushing from the Lima wells was tremendous it hadn't bothered us much because it was an inferior oil. It was so impregnated with sulphur as to be useless in most of the markets. It was being sold at ten cents a barrel. But after a while, a chemist named Frasch invented a process for refining sulphurous oil which resulted in bringing that Ohio oil into competition with Pennsylvania oil. With this condition we feared that the price of all petroleum would decline deplorably. By that time, too, Southern California was producing a lot of oil.

This was in 1895 and we had other affairs that required some of our resources. If we were going to stay in the oil business, the oil business alone would take all the money we could get. Consequently, when the Standard Oil made us an offer, we paid attention.

The three of us—Andrew Mellon, Dick Mellon and I—talked it over at the bank. By this time I was 27 and I had had almost eight years of the oil business, both the hardships and the excitement. Here was a good chance to cash in.

So we sold out to Standard Oil, and there was contentment on both sides of that transaction. We were so well satisfied—and the Standard people, too—that I helped the Standard Oil

Company for a little while until their own people had become familiar with their newly-acquired property. When I finished with that work, A.W., Dick and I believed we were finished forever with the oil business.

Had I been depending on an ordinary banking connection from the first day I went in the oil fields, I would have missed most of the opportunities which I was able to seize. I would have come quickly to the end of my tether and then have had to make my choice of waiting until bankers were sufficiently impressed to extend me a bigger credit, or until I could offer to the public shares in what I was doing.

I have given so much detail regarding the development of this business, which grew out of a little account called "W. L. Mellon Special," because it was a characteristic operation of my two uncles, and shows the pattern of their ways. The beginning of our oil venture may have been indistinguishable at first from hundreds, even thousands, of other speculative ventures in Pennsylvania oil. But neither they nor I were interested merely in speculation. Our concern was with *business*, with making something *grow*.



CHAPTER XXI

T. Mellon "Retires"

In 1895, I was still a very young man to have so much responsibility. Andrew in that year was 38 and Dick was 35, but Andrew had a way of incorporating an older judgment into our councils. Many times when we had a problem, and he would be sitting with one leg tucked under him in his swivel chair, he would, as some mariner getting a bearing from the North Star, say: "Now, Father would have told us that we would be wise to do thus and so." The amazing thing about this, of course, was that A.W. was operating all the time on a bolder scale than was ever practiced by my grandfather.

By the time we sold out to Standard Oil, title to all the real estate of my grandparents, Judge Mellon and his wife, was vested in Andrew W. Mellon. My grandfather had divested himself of the bulk of this property five years earlier, when he was 77 years old precisely, on the birthday of both himself and his wife, February 3, 1890. On that day instead of receiving presents, he and his wife had made this extraordinary gift of all they had to their children.

Although the transfer placed the real estate absolutely in the possession of Andrew Mellon, that was for convenience solely. The proceeds from rentals, or sales, were regularly divided in four parts. The legal instruments by means of which the old folks stepped aside still exist, but for real un-

derstanding the best source is a memorandum written by my grandfather more than eight years later and which was found among his papers after he was dead.

This particular memorandum, dated August 25, 1898, when he still had ten years to live, is for me the last word on a subject about which there has been a great deal of uninformed gossip. In this writing, addressed to no one, the Judge endeavored to explain what motives had actuated him and his wife when they transferred their property.

He was writing with a lead pencil and it was guided less by his poor, weak eyes than by his strong intellect and the memory in his feeble fingers. He sprawled his words in big script across the paper in lines that ascended and descended on page after page and frequently collided and intersected so that in places they became almost undecipherable. So here we have his very own thoughts on that transaction:

“... I never desired wealth on its own account but for the accomplishment of some ulterior purpose; and as the advance of the times and the occasion referred to show, the use and control of wealth was not a dominating control in my nature. I intentionally parted my connection with it altogether. I had attained it and had abandoned the labors and special attention necessary for the acquisition and accumulation, but found I was not entirely free.

“Possession and ownership involve cares and responsibilities inconsistent with the entire freedom I had enjoyed in my youth when I was impecunious and my main care and desire was centered in the acquisition of knowledge, so, while throughout my business life my main purpose was the acquisition of wealth to make me independent, after the necessary wealth was acquired, I voluntarily parted with wealth to pro-

mote my freedom from the care and responsibility requisite for retaining it, until nature should grant me the final divorce. I had, in my long and active business life, acquired a very considerable estate in real and personal property. I was regarded as a man of wealth by the public; and my wife had inherited considerable rentable property both from her father and mother, which she still possessed, although after our marriage, I had always treated it as, and managed it, with my own.

“So matters stood on the 3rd day of February, 1890, when she and I transferred and absolutely relinquished all title to our property and estate, real and personal, to our children, reserving nothing but their obligation for our fair and reasonable maintenance and support during our respective lives. Now I admit this act on the part of parents at our time of life, or indeed at any time, was a most unusual and reckless one, and in all ordinary cases unwise and unsafe, and involved risk too great to be incurred, and it would not have been done by me, who had acquired a high character for conscientiousness in all my transactions, and my only excuse in this instance of an apparent departure from it was my full confidence in the sound judgment and the other good qualities of our children.

“But four of them were left to us—‘boys’ whose natural abilities and common sense I had admired from their infancy, and indeed for whom I had spent the most of my business life to place them in the power which wealth affords, and *who, already in their business lives, had acquired wealth about equal with my own*, and so far my contribution to their wealth has caused no change in their conduct or habits of life, and I am confident now, as before, that when I am gone, the

confidence I had in them will show I was not mistaken in doing what to outsiders would bear the mark of imprudence."

The size of the fortune Judge Mellon relinquished can be measured. Official appraisals and inventories of the time fix the value of the real estate of both Judge and Mrs. Mellon at \$861,986.77; and the rest—mortgages, coal lands, bills receivable and other wealth—at \$1,595,562.02. Therefore the total assets turned over to the sons by their parents amounted to a little more than \$2,450,000. If the Judges' appraisal of his sons' affairs at the time he deeded away his property is sound, then each previously had gathered for himself about \$600,000 and had, as well, a little more than \$600,000 received from the old folks. Actually, in my opinion, the market value of the Judge's property was slightly in excess of \$4,000,000.

I am endeavoring to give a fairly close approximation of the fortunes here for a good reason. Owing to the desire of some political enemies to belittle Andrew W. Mellon after he had become Secretary of the Treasury, newspapers published over and over again the statement that he had inherited from his father an estate of between \$20,000,000 and \$30,000,000. I have the utmost confidence that my grandfather would testify, if he could, his complete belief that Andrew made his way with no extraordinary financial help from his father. I do not say that he was a self-made man in the usual sense of the phrase; but I do insist that he would have gone about as far as he did, even if he had started poor in money.

When my grandfather had rid himself of the cares that property had imposed on him for years, he kicked up his heels like a horse released from harness. At the age of

77 he promptly exercised his newly-gained freedom by going out West and into some strange adventures. When he came back home finally at the end of this interlude, five years had passed and he was by then 82 years old. Having had his fling, during the next thirteen years he lived contentedly enough at home. I had a small share in some of his life out West and before that I had been his companion in earlier episodes which had played a part in impelling him to go on his strange search.

It must be remembered that when this old man had arrived in America in 1819 as a little boy of six, he had been one human being among millions in a continuing migration out of the Old World into the New. Recollections of his own wagon journey over the Alleghenies had kept him aware always that the migration continued; that it had become a great procession unrivaled in history. I have no doubt that, many a time, he would have been glad to discover himself to be two men, one of whom was free to go out West and share the excitement. The whole epic accomplishment of transforming this continent into a well-planted and industrialized nation fascinated him. However there was another aspect to his departure from home so late in life.

Hard-headed though he was in business, my grandfather was an unusually sentimental man. But he prided himself on keeping a scientific attitude of open-mindedness on various matters about which others were dogmatic and fixed in their opinions. One of these matters was spiritualism.

By the time he set out from Pittsburgh for Kansas City, Missouri—by way of Leavenworth, Kansas—he was concerned partially with the opportunities generated in the West by the migration which so fascinated him, but he was more

directly concerned with a greater migration. It would be precisely right to say that he went out there to continue his investigation of supernormal phenomena: messages purporting to be from departed beings and delivered apparently through spiritualistic mediums; and seeming apparitions and other mysterious goings-on in séance parlors.

What lured him primarily to Kansas City were reports written to him by a woman who lived there and whom we had previously known in Pittsburgh. This was a woman I distrusted then and afterwards, and I feel now that she connived, wittingly or unwittingly, with others who were trying to impose on one whom they regarded as a rich old banker from Pittsburgh and, therefore, fair game.

During a part of my grandparents' married life, the Fox sisters in Rochester were a frequent topic of conversation all over the country. To many, the rappings heard (and probably induced) by those sisters were regarded as having even more significance than the dot-dash clickings of the newly-devised Morse code by means of which distant human beings could keep in touch with each other.

It so happened that a servant of my grandmother, a young girl named McLean who had been brought into the home in 401 Negley Avenue, came under the influence of this mania which was then sweeping the country. She began to be associated with strange noises. Mysterious rappings were heard in the house but only in the presence of this girl. Whether she was a victim of someone else or whether she was a conscious or unconscious fraud, her supposed powers excited a number of people in Pittsburgh, and there were repeated tests with the result that the child came to be regarded as a "natural medium." The effect on the girl was far from wholesome

and, on medical advice, she moved eventually to a new environment.

I believe this to have been the beginning of the Judge's interest in the possibility of communication between living and dead. Probably that interest had been mild until the death of Selwyn. Selwyn had died at the age of nine, when A.W. was seven. So when the Judge in 1890 set out for Kansas City, Selwyn—had he been alive—would have been a man of 37, two years older than the son in whose custody the Judge had just placed all his real estate.

In my own home I was kept immune from this contagion by my parents. They had no faith in the phenomena reported from séance parlors nor in the good faith of those who conducted séances. They believed there was a catch in it some place and were satisfied to let it go at that. Nevertheless, I sometimes accompanied my grandfather to a séance.

What finally took Judge Mellon to the railroad station to get a ticket for Kansas City was word from there about a medium who made spirits not only audible but visible. It took a clever man to keep Grandfather fooled for more than a day or so about a business transaction and he never was really fooled because invariably he investigated as he now was investigating. But this was *not* business. This was something which found him with his strong will disposed to believe. After all, he had two sons and two little daughters in the next world. Moreover, almost a dozen years before he went to Kansas City, his brother Samuel had died in Grandfather's home while on a visit from Texas. This had saddened him more than might have been expected. Until that visit which ended in death the brothers had not seen each other since

Sam, as a boy of 13, had run away from the work on the Pennsylvania farm to Texas.

There was a further characteristic of Grandfather which kept him somewhat longer engaged in this investigation than would have been necessary otherwise. He was an extremely friendly man and his friendliness in this situation invited imposition.

At different periods during my grandfather's five years in Kansas City, some member of the family was out there looking after him. A.W. was one of them; and he had a startling experience. They were in a parlor gathering. When they had seated themselves in a circle, they had been asked to cross their arms in front of them and in that position to "close" the circle by grasping the hands of their neighbors. They were warned of dire consequences if the chain should be broken. This imposed on the timid a disposition to clutch almost fiercely so that any bolder ones present were really being restrained by the fearful. The medium went into a trance. From beyond some heavy portières suddenly came cries, as from a child: "Father! Father!"

The Judge for a time was sure he recognized the voice of his little dead son, Selwyn. Then, abruptly in a ghastly illuminated area between the portières a little boy appeared, holding the handles of a toy wheelbarrow. The clothing worn by the apparition was in the style of that worn by little Selwyn in the pictures of him in our family albums.

For me, there is no mystery about it. The medium had been touted to Grandfather by that woman whom I have mentioned. Probably through someone's treachery, her's, or another's, the medium had been in a position to try to impose on Grandfather by dressing some little actor in his ménage

in clothes of a style resembling those which had been worn by Selwyn. Possibly that performance was just a little too good because it was while he was in Kansas City that Grandfather told me that he had come to a final conclusion about spiritualism. He said: "There's nothing to it."

It was impossible for the Judge to live in a city as young as Kansas City and remain untouched by the wealth of opportunities revealed to him. As a matter of course he began investing in Kansas City real estate. Probably he was all the more active there because Pittsburgh, as an older community, had already solved many problems that still afflicted Kansas City. This made the Judge almost oracular in his consideration of many aspects of the future there. This was notably true as to transportation.

Pittsburgh hilltops had developed into residential areas through the construction of many inclined planes to carry vehicles and passengers swiftly up and down the city's hills. But in Kansas City, for want of transportation, the valleys still were congested and the hilltops almost bare. But when Grandfather applied to the Kansas City council for a franchise to build some inclined planes, he was unable to get any action. In a letter to my grandmother the Judge explained that his franchise had been held up by "boodlers" in the council.

He was not defenseless. William A. Mellon, one of the Texas Mellon family left by the Judge's brother Samuel, was running a small Kansas City newspaper, the *Leader*. With the *Leader* as his instrument, the Judge had plenty of fun with the men in the city council who had been obstructing his inclined plane projects. He wrote the editorials and William printed them. The disclosures made by the Judge resulted in

formal investigations of the city council that were followed by the indictment of three or four members.

Grandfather never did build inclined planes in Kansas City. But he developed there a great following of people who regarded him as a kind of St. George. So, when he left Kansas City finally, aged 82, to return to his home in East Liberty, he left in triumph, and something of a hero.



CHAPTER XXII

Other Than Business

Early in the 1870's the railroad from Toronto was extended to Gravenhurst, a small town on Muskoka Lake. This attracted a number of Pittsburgh business and professional men who formed fishing clubs in the neighborhood of the small Ontario settlement of Beaumaris. Lake Muskoka is one of a chain of lakes forty miles long which are part of the Great Lakes System.

The first Pittsburghers to go up there had returned with exciting tales of a fisherman's paradise. They had caught all they wanted of small-mouthed bass, wall-eyed pike and lake trout. Because of the wonderful summer climate up there these delighted fishermen began building cottages for their families. So the Muskoka Lake area became linked with Pittsburgh.

In the summer of 1909 our friends and relatives, Mr. and Mrs. W. H. R. Hilliard, invited us to visit them at their cottage in Beaumaris. The next summer we rented a cottage and began building a summer home which we have occupied until the present day. Our children were partly reared up there and now our grandchildren enjoy it too.

Year after year up there I have fished day after day until the end of summer. Almost every week day morning a box luncheon is sent to the boat house. If there are no members of my family or friends about, I go anyway and search for

bass or other fish at a succession of places that I have discovered through the years. As we start I know not only where we shall net our live bait, but what sort of pleasant reveries I may enjoy. Sometimes these take me back to the old home in Negley Avenue or to Ben Elm on Squirrel Hill in Pittsburgh or, most often, to Florida as to the first page in a well-loved story.

When we sold out to Standard Oil, I was for the first time in more than half a dozen years free from heavy responsibility. An influence like that which keeps men playing poker hours after they should be home in bed was so strong in the oil business as I knew it that one was disposed to stay with it month in, month out, scarcely noting the flight of time because of one's concern with what was going to happen next. So from the age of 21 until I was 27, I had slept in other beds far more often than in my own; in small town hotels; in village boarding houses; in farm houses in Pennsylvania and West Virginia; anywhere that I could get a lodging when night fell.

At that time my father's winter home was in Palatka, Florida, then the southerly outpost of northerners who fled each winter to search out summer in the South. In those days everybody journeying to that part of Florida, left the train at Jacksonville; if you were bound much farther south you went by boat. Palatka, on the St. John's River, was almost remote. People would cruise about 75 miles up the St. John's River to Palatka; "up" was almost due south. I had had great fun down there as a youth before I got into the oil business. Then I became too busy to take a winter vacation. Moreover, I was never socially inclined. My mother was always having some kind of party or function at our East Liberty home or in its

maze of gardens. But usually when it was time for the party I was somewhere else. So, too, with Florida. I had let a year or so go by without ever going down to the winter home of my parents, or without going fishing even in the company of my father.

Consequently, although our families had met in Florida in January, 1894, and had become good friends, it was not until near the end of that year, on December 7, 1894, that Miss May Taylor and I met for the first time. My cousin, Rachel Larimer, was giving a party and had invited Miss Taylor to be her house-guest in Pittsburgh. Rachel was the daughter of Cassius Larimer, one of my mother's seven bearded and Kansas-pioneering brothers. Rachel had come to East Liberty to be one of us when her own mother died. Our family was at breakfast one morning and I was almost wholly engaged with a bowl of oatmeal and cream when this lovely creature appeared at the dining room door. I don't remember whether I finished my oatmeal, but for the period of Miss Taylor's visit I seemed to be almost finished with the oil business.

Rachel Larimer's beau, Reuben Miller, whom she was to marry in the following June, was in the steel business and later became an executive of Crucible Steel. As the making of steel was one of the most exciting industrial spectacles to be seen in our community, it was natural to arrange for a party of us to make a trip through the steel mills. I was Miss Taylor's escort on that trip and remained her escort throughout her visit in Pittsburgh. After she returned to Florida we corresponded. Then she came back to Pittsburgh for the wedding of my cousin Rachel on June 2, 1895.

At the age of 27, with a moustache, accustomed to being

treated as a man of business, I suddenly found myself idle and free to play in a household full of gaiety and the chattering of young girls. Miss Taylor was 21 then and glowing with health. Sunlight always did for her complexion what the sun does for a peach. From being wholly devoted to what was underground and finding pools of oil, I suddenly became devoted to finding out what was going on in the depths of this girl's eyes.

In the backyard of my home on Negley Avenue in East Liberty at that time was a rather significant playhouse, one of the old horsecars that had just been retired from service on my grandfather's venerable East Liberty line. What was significant about it I shall tell hereafter; but I may say now that I was getting ready to settle down. I was preparing to stay more at home and the reasons for this were among the things that I talked about to Miss May Taylor.

After Rachel and her brand-new husband had departed on their honeymoon, the bridal party all scattered except for Miss Taylor. She stayed on for some days as my mother's house guest and my mother was just as delighted with my moonstruck behavior as if she herself had taken me on a light line with a feathered lure. On June 21, 1895, Miss Taylor and I became engaged to be married.

I really behaved like a fish on a line after May was obliged to go to Florida on account of her father, whose rheumatism was less troublesome in the Florida climate. That summer the Taylors were going from Vagabondia, their winter home in Palatka, over to Mr. Taylor's beach cottage, Summer Haven. One might roast in Palatka in the summertime, but on the beach, as long as there was any breeze, usually it was delightfully cool. So in the summer of 1895, I went down to their

beach cottage to meet, and naturally with dread, Miss Taylor's father.

To my relief and delight she introduced me to a man as benign in appearance as Santa Claus. His beard was whiter than the white, bleached sand of the beach where we fished together, and where he had previously fished with my father. They had become cronies after a meeting a couple of winters before which grew out of their mutual love of horticulture—and an elaborate jest.

A year and a half before the summer when I met him, Mr. Taylor, as a refugee from winter on his way to Havana, had stopped in Palatka. After a few days as a guest in the old Putnam House there, his rheumatism had almost miraculously ceased to pain him. Palatka, he had decided, was what he was looking for. So he set out to see points of interest recommended to its guests by the hotel management.

The Mellon place because of its garden, in which Father took great pride, was on the list as a Palatka showplace. But that winter Palatka had had a rare spell of cold, destructive both of flowers and fruit. Day after day my father and mother, curtained by vines on their porch, overheard passing tourists referring sarcastically to this "point of interest" which was woefully barren of the things which in the past made it deservedly a showplace. To my father, who loved a joke, criticism from the tourists was a challenge.

Most tourists were unfamiliar with Florida vegetation, so my father fixed various kinds of fruit to the wrong trees, using wires and thread. His trees alone of all those in Palatka were suddenly bright with oranges. But some of the oranges were "growing" on fig and pomegranate trees. He bought a lot of artificial flowers from a millinery shop and had pa-

per roses blossoming on his bougainvillea vines, and other shrubs were "flowering" with imitation blooms not indigenous to Florida. The whole place became a riot of misplaced color and many a tourist had gaped credulously before a particular stranger had come along.

This big, florid-faced man, with snowy beard and hair, instead of marveling at the fruit and flowers, glared at them. He stuck his cane through the tall iron fence and poked at the only blossom within reach until he knocked it loose from its wire moorings. Then he gave a snort of triumph. Whereupon my father began to laugh and emerged from his ambush to share the joke. At the gate he introduced himself and discovered in Mr. Matthew Taylor a man who knew as much about horticulture as he did and who moreover liked the flavor of Father's jest. The friendship which began then was a lasting one.

Shortly thereafter he had sent for his daughter, May, who was the next to the youngest of his six children. Then he bought a house not far from the home of my parents, named it "Vagabondia," and presented it to her.

Matthew Taylor was just as fond of fishing as I. Furthermore, in our business backgrounds we had something in common. In Trinidad, B.W.I., there was a great lake of asphalt that had accumulated from some underground source and that lake was being "mined". Asphalt was a surfacing material as pleasing when you rode on it as if it were so much rubber. Together with Mr. George Stoker of New York, Mr. Taylor in 1868 had acquired an interest in the famous "pitch lake" of Trinidad. They were associated with Dr. G. R. Field, who for some time had been the lessee of a portion of the lake.

Mr. Taylor was born in Glasgow, Scotland, and was a graduate of the University of Glasgow. He had been trained for the profession of civil engineering and had worked four or five years helping to survey new railroads in the British Isles before he came to America at the age of 21. Thereafter he had worked variously as bookkeeper, traveling salesman, railroad superintendent, partner in a Wall Street brokerage house and head of a mining company. Over and over again, through hard work at one project or another, he had made sufficient money to form the basis for a fortune, but he had never been very much concerned with accumulating a fortune. Assured of sufficient income for the needs of his family for the space of months or a year, he would treat himself to a period of leisure and then actively enjoy his home, his family and his hobbies, which were legion.

When the only instrument she could handle was the triangle, Miss May Taylor as a tiny girl had been initiated into a family band. The eldest of the family, Margaret, called "Marge", was the pianist; brother Matt played a horn and James Richardson Taylor, who was always called "Jinx", played the xylophone. Various neighborhood children were enlisted in this band. The eldest son, Ronald, and Mr. Taylor himself had played violins. There wasn't a scrap of the music of Gilbert and Sullivan comic operas with which the family was unfamiliar, and they could play and sing without rehearsal any number of Scotch and Irish ballads as well as all the songs of our Civil War.

But music was only one of the Taylor family's many accomplishments. For a number of years they lived in a big, comfortable house on Staten Island, New York, close to salt water. Mr. Taylor was a navigator and an amateur astrono-

mer, and all his sons were strong swimmers and could handle small boats expertly. He was a student of the Bible and a lover of poetry. One winter he became so out of patience with the schooling his children were getting that he took charge of their instruction himself and for a long time held regular daily classes. His sons were prodded awake every morning by a long schoolroom pointer in the hands of their father. They would sit up in bed then and begin their day by adding up mentally long columns of figures which he had placed behind the glass panels of their wardrobe. Each boy was timed and urged to outdo his own record.

Mr. Taylor himself was an unusually gifted mathematician, but his son Jinx developed such skill that he could add two columns of figures simultaneously with scarcely, it seemed, more than a glance. He did this so fast and accurately that it became one of his numerous parlor tricks.

When Mr. Taylor heard about stenography, he mastered it himself as a hobby and then taught it to his children. When his mind was caught by photography, the whole family became photographers. Turning then to birds, and starting with two canaries, he did not stop until his house had become almost an aviary. Then he set himself to learn telegraphy, and before his interest cooled he had his whole house wired with telegraphic circuits and connected the wires with the homes of a number of Staten Island neighbors, all of whom, under Mr. Taylor's tutelage, were learning the Morse code. He had tremendous enthusiasm and terrific energy, and I don't suppose he ever worried a day in his life.

My father had enjoyed the gifted Taylors' performances in various fields, and even, I suppose, had seen Jinx perform as a lightning calculator. Long afterwards he confessed to me

that he had felt some concern lest I, his go-getter son, might not succeed in impressing the brilliant, amusing and generally light-hearted Taylor family, and so he had put in a good word for me with his boon companion, Mr. Matthew Taylor, saying: "Will is not one of these showy fellows, but you have to respect him. Will is sound and true."

When I came north with Mr. Taylor in the late summer of that year his daughter and I had already agreed that we would marry at some undetermined time in the following year, and this arrangement had the wholehearted approval of her father.

In spite of having become involved in business matters that were important to my uncles, A.W. and Dick Mellon, as well as to me, in the following winter I managed to spend a lot of time at Palatka and much of it in boats.

Although most visitors enjoyed themselves in and around the hotel verandas the St. John's river was a highway to adventure. Boathouses along the river front at Palatka had very comfortable rowboats for hire, with places for two or three, or even more, Negro rowers. The boats were thickly cushioned and over some were candy-striped awnings. It was a nice experience, that you could repeat without boredom, to go comfortably adventuring through a swamp in one of these boats. The more one saw of that Florida wilderness, the more enticing it became.

In my younger days, the St. John's River in Florida was truly a primeval wilderness. Between Jacksonville and Palatka the river is almost lake-like, but beyond Palatka the stream narrows and in my youth the wilderness through which it flowed was so sparsely inhabited that one might well suppose there was nobody living anywhere about. One could

get plenty of ducks, turkeys, deer. On any day one would see great flights of herons, and the transition between the playground comfort at Palatka and unchanged wilderness was just as abrupt as going around the first bend in the river. I relished Marjorie Kinnan Rawlings' book, "The Yearling," because her story, laid in a territory I knew very well, while evoking a rich store of memories, never assailed a single one.

Hunting and fishing had been my principal diversions in Florida until I met Miss Taylor; and then nothing could have been nicer! Miss Taylor, it developed, liked hunting, liked fishing, liked boating, and, best of all, she liked doing these things with me. In that winter following our engagement and during all the years after our marriage, Florida was our Paradise.

Miss Taylor and I were married in her Florida home, "Vagabondia" on March 11, 1896. All the family came down for the wedding except my grandfather, who was deemed too old to make so long a trip; and my uncle Dick who—for some reason I have forgotten—was prevented from coming. But A.W. was there, and inevitably we had a little matter of business to discuss.

There had been a telegram from Pittsburgh. As the outside man for the bank, this was "up" to me, even though I was a bridegroom. Consequently, my wife and I, who were going to Europe on our honeymoon, made a roundabout trip. An oil well had come in at Corsicana, Texas, and it looked as if it might be an important field. So following the wedding we went first to New Orleans, and, after a few days there, continued on to Dallas, Texas, where I left my wife and went alone to Corsicana.

There was excitement at Corsicana. As far as I can remem-

ber, this was the first smell of oil in Texas. The oil had been found finally, but in the beginning what they had struck there was steaming hot water. The water from those hot artesian wells was exactly like that far away at Hot Springs, Arkansas, and the Corsicana oil was under that stratum. A few small wells had been brought in. After looking them over I decided that we would not want any of it.

Then my wife and I went by way of Chicago to Pittsburgh to pay our respects to Judge Mellon, my grandfather. After a day with him we went on to New York and then to Europe. We went to Paris, to Rome and Venice, but in none of those places, I think, did we ever find quite the flavor we got in Florida.

Before I was married I had used a succession of small boats and finally as a young fellow got to using a paddle wheel steamer owned by a man named Tillman, who had a shingle mill in Palatka. This boat was about 75 feet long and any time I wanted to I could hire it. We had had great fun up the St. John's River, by which I mean to say south of Palatka, in those weeks just before our marriage.

For some years alligator shooting had been part of the sport. Generally, as the boat came to each bend in the river there would be alligators sunning themselves on some shoal or along the banks. As we proceeded up river, instead of saying "your bird" we would say "your bend." If one missed, the other fellow had the right to shoot. I would hate to say now how big those alligators were, but photographs I have show one at least fourteen feet long. At first I used a short Winchester, a black powder gun; later on, for alligators we were using Winchester 30-30s with smokeless powder.

After I was married I knew what kind of a boat I wanted to build. My wife's house, in which we had been married and which was sold right afterward, had been one in a succession of homes of the Taylor family that had been called "*Vagabondia*." We took that name for our first boat and thereafter it became traditional with us to name our home afloat *Vagabondia*, right on up to the yacht that in World War II, with 5-inch guns on her deck, served in the United States Navy. But our first boat after we were married was one tailored to suit Florida.

With my wife helping me, I made the plan myself for that first *Vagabondia*, a double decked steamboat built for me at Jacksonville by the Merrill & Stevens shipyard. She was an extremely shallow draft river steamboat with a paddle wheel astern, but unless you went aboard you couldn't see that she was a stern wheeler because I had had all the after part housed in.

If you damage a propeller you have to take your boat out of the water, but if we damaged our paddle wheel, all we had to do was to hammer on a new bucket. She was fitted plainly, but she was very comfortable. The main cabin had little bookcases and desks in it and, right next to them, a sideboard where we kept knives and forks and some of our dishes. Next to that was a big refrigerator. We kept cakes of ice aboard, stored in sawdust. On the other side of the sideboard was a closet where we kept boots and all sorts of stuff. All of this was in one room; back of it was a row of rooms, each seven or eight feet wide, and possibly seven and a half feet long; each of these had a wash basin and a couple of bunks. There was one big bathroom. All of the crew were colored men, but the captain was a halfbreed French Indian.

The marvelous thing about that shallow draft river steamer, with her paddle wheel astern, was her motive power—two 15 h.p. slide valve sawmill engines, with a single sawmill boiler between them. I could load the entire hull of that *Vagabondia* with wood, 15 to 18 cords, and that was sufficient for a lot of Florida cruising. We could get just about anywhere in Florida, almost, I daresay, as freely as you could travel there today in an automobile. Indeed, I had arrangements with natives in various places to cut and store wood for me along shores where I expected to cruise. It would be there for me whenever I came along. This proved such a convenience that, eventually, as my wife and I got to cruising much further, to Miami and far below Miami in among the Keys, and to the west coast, we took pains to extend this arrangement.

What began to evolve for us with that first *Vagabondia* was a part-time life devoted to fishing and hunting and the outdoors, organized on a yacht basis. Indeed, Dave, the little gray-haired colored man who stays with me in Florida in the winter and at Squirrel Island in Ontario in the summer, dates back to the yachting existence that began to take shape there on the St. John's River. Dave has been with me so long I have forgotten when he came. He was born about eighteen miles from Palatka on Dunn's Creek and a brother of his was a fireman on the first *Vagabondia*. As our children came we found need of a shore base and established one at Cocoanut Grove. So Florida has loomed big in all our lives, even until today, when my favorite area is the Keys. Eventually, of course there was to be a much finer *Vagabondia*, an ocean yacht.

When foreign built pleasure yachts could be brought into the United States duty-free, after the first World War,

a firm of New York marine architects conceived a plan for building a number of American yachts in Germany. Materials and labor in Germany were available at such prices that the actual cost to each owner was about half what it would have been had such a yacht been constructed in an American yard. These yachts were to be built in the Krupp shipyard at Kiel.

I arranged for Mr. James Kennedy, Marine Superintendent of the Gulf Oil Corporation, to work with the architects and watch over the building of my yacht. This proved a most fortunate arrangement. Because of Mr. Kennedy's years of practical experience with the sea he insisted on much heavier steel plates and beams than would be found in the hull of most big yachts. Of course this made our *Vagabondia* wonderfully seaworthy. Incidentally, this heavier construction was justified in a totally unexpected way when the *Vagabondia* was taken over by the United States Navy at the beginning of this last war. Five inch guns were mounted on her decks and I have been told that she was the only pleasure yacht to mount such guns. During twelve years my wife and I were to regard this yacht as a home.

The new yacht arrived in New York from Kiel on December 3, 1928 and thereafter was at my service until December 1941. With a gross tonnage of 856 tons, a length of 224 feet and beam of 34 feet, she drew 12½ feet of water and carried a crew of thirty-two men. She was equipped with Diesel engines and had a maximum speed of 14 knots. One of the virtues of this yacht was an extraordinary cruising radius. We could go for 10,000 miles without having to put into port for fuel or water. All told, we cruised a total of more than 110,000 sea miles aboard the *Vagabondia*.

Of course there were many short cruises entirely dedicated to pleasure but several of the longer ones had the status of scientific expeditions. Included in the ship's company on those voyages were scientists from the Carnegie Museum of Pittsburgh. One time we went south to the Straits of Magellan and another time into the South Seas to the Marshall Islands. Specimens gathered on these trips are to be seen in the Carnegie Museum today. We became familiar with the west coast of the South American continent, cruising along there three times, and once we explored the east coast. Aboard the *Vagabondia* we touched Pitcairn and Easter Islands as well as many islands of the Caribbean, but in those circumstances it was equally delightful to cruise in the fresh waters of our own Great Lakes.

George Stoehr, who is Captain of the *Old River* today, was the Captain and Chief Navigator of the *Vagabondia* on all of those long cruises.



CHAPTER XXIII

Aluminum Vision

One day in 1889 three men had walked into the bank and approached the plain varnished desk at which A.W. sat. That piece of furniture, which might have been any clerk's desk, stood in a windowed recess in the front wall of the bank office. In those times A.W. worked in full view of the entire office force—cashier, tellers, clerks, errand boy. What they could see was his erect back and carefully groomed brown hair. He was a chain smoker of thin, bitter little stogies and in the quiet air of that nook a gray string of smoke usually was visible, sometimes reaching from his fingers halfway to the ceiling. Habitually he worked quietly, never fidgeting but scribbling incessantly with a pen except when he was in conference with some visitor or visitors.

His posture as he worked alone at that desk was almost prim in its erectness and his feet rested squarely on the carpet. But when he gave his whole attention to someone who came there to confer with him, then almost certainly one foot would disappear, because when he talked very likely he would have one leg tucked under him. At such times his hesitant words came out between puffs of smoke.

I know so well how it was because in that very year, 1889, I had been getting started in the oil business with the backing of A.W. and Dick. Consequently, once and sometimes twice a week I myself would be coming to the bank to talk with

A.W. In effect, I was reporting to him about my work in the oil fields; and other young men and some older men likewise were coming in at intervals to tell A.W. and Dick what they were doing, stating their problems, receiving money and good sound counsel—but never any meddling. I saw A.W. there so many times that in fancy I seem to see him now as he must have been that day when he talked for the first time to Arthur Vining Davis.

Mr. Davis, today the Chairman of the Board of the Aluminum Company of America, always says proudly that he was the one to get “Andy” Mellon into aluminum. Mr. Davis, who is 78 as this is written, on that day when he came into the bank for the first time, escorted by two senior officers of the Pittsburgh Reduction Company, was just an eager, boyish fellow 22 years old, only a year out of college. The other two, no longer alive, were then approximately the same age as A.W., who was 34. They were professional men serving as consultants in the fields of chemistry and metallurgy, with a firm name, “The Pittsburgh Testing Laboratory.” Captain Alfred E. Hunt and George H. Clapp were almost pioneers in their professions, in so far as Pittsburgh was concerned. The sciences they represented were just beginning to make a modicum of headway against the prejudices of rule-of-thumb craftsmen of the iron and steel trade. Relatively few thought of chemistry then as having any place in the steel industry or, for that matter, in the glass industry or the leather industry; indeed, I am certain that you would have had to scratch around over a lot of ground to have found a single chemist in the petroleum industry.

These three men had come to A.W. as suppliants for a little concern which they were nursing. It was called the Pitts-

burgh Reduction Company. What it produced was a substance until that day utterly strange to A. W. Mellon. When Davis had been presented, the first thing that he did was to bring from his pocket a package wrapped in tissue paper and scarcely as big as the palm of a man's hand. Removing the wrapping Mr. Davis disclosed a biscuit-shaped object the color of silver and placed this carefully on the golden oak surface of A.W.'s desk. The object was a piece of aluminum.

As that piece was the representative of all the aluminum in the universe, it had been dressed up carefully by Mr. Davis for its presentation. It was burnished to mirror brightness. The normally self-contained A.W. exclaimed in delight when he took this shining thing in his hands and discovered the astounding lightness of it. While A.W. dandled the piece of metal as if were an infant (and it was!), Davis talked. His companions had chosen him to be their spokesman because he was a natural-born salesman and they knew it. Moreover, while they had other concerns to think about, Davis for a solid year had lived and dreamed and thought and talked nothing but aluminum. So it was he who told A.W. what the Pittsburgh Reduction Company hoped to accomplish, and especially what they thought they could do if they ever got going on a tonnage basis.

From that day forward aluminum held A.W.'s enthusiastic loyalty until he died. Literally, right then and there, he was caught by it as Davis himself had been caught by it a year before, and neither of them was ever to stop believing in aluminum.

Young Arthur Vining Davis, in each of a series of conversations that he had with A.W. during the next few days, was like an impresario whooping up the talents of his star.

In this case the star was the superintendent of the Pittsburgh Reduction Company, Mr. Charles Martin Hall. Davis was Hall's assistant; and whereas Hall was the technical man, every other job in the organization devolved upon the shoulders of Davis. He was business man, shipping clerk and selling force combined; it is my opinion that he never made a greater sale than when he persuaded A.W. that Hall and Hall's process were worth backing.

Of course, A.W. must have been aware of the significance of aluminum made cheaply. Of all the substances in the solid crust of the earth only two, oxygen and silicon, are more abundant than aluminum. But aluminum is far and away the most abundant metallic element in the earth. It forms 8.05 per cent of the solid portion of the earth's crust extending to a depth of at least ten miles. Today, scarcely anyone would dispute the usefulness of aluminum. So the laboratory explorations that were carried on to find a way by which men might recover this abundant but elusive wealth and put it into service surely rank in importance with the work of the greatest explorers.

Despite the fact that it is the most pervading metallic substance mixed into the earth, the public had its very first sight of aluminum not so many years before this time: actually in 1855, the year A.W. was born. In that year, at the Paris Exposition, some small ingots of aluminum were displayed. It is said the stuff was priced at \$500 a pound. At such a price it was practically useless to mankind. Up to 1889 only a few men—but those few were extremely earnest and determined—had been striving in various laboratories and works to discover a way to take this tantalizing treasure from the earth more cheaply than had been possible as yet. Always the rid-

dle they were trying to solve was this: how to produce aluminum from earth without using so much labor of men in the process as to make the resulting product too costly for ordinary men's use.

Even savages in Africa know how to smelt iron from its ore and fashion the metal into tools and weapons; and barbarous people in many places had thus used iron centuries ago. Yet throughout human history aluminum was never so much as seen by any man until early in the last century.

Whereas the rareness of gold is perhaps the outstanding quality that makes it useful to men—as a medium of exchange—the very commonness of aluminum together with its extraordinary strength, ductility and lightness, is what makes it priceless. Happily there is enough aluminum in the earth for all. What A.W. was being offered was a chance to invest in a company which owned rights on a new and cheaper way to reduce aluminum from its ore.

A Dane, H. C. Oerstead, probably was the first man ever to isolate and identify some small nodules of aluminum. That was in 1825. He called it "the metal of clay." But the man who for a long time was generally credited with being the first was a German scientist, Frederick Wohler, who produced a little of the metal in 1827. At Oberlin College in the 1880's the professor of chemistry, Frank Jewett, was trying to arouse in his students an appreciation of the important service to humanity that would be rendered by anybody who made aluminum cheaply available. Jewett's interest in aluminum transcended that of most of his contemporaries—possibly because, while studying at the University of Göttingen in Germany, his imagination had been stirred by his discov-

ery that a stooped and wrinkled old man whom he saw shuffling across the campus was no less a person than Wohler.

To his students, Professor Jewett said one day: "If anyone will invent a process by which aluminum can be made on a commercial scale, not only will he be a benefactor to the world but he also will be able to lay up for himself a great fortune."

Undeniably Jewett was a great teacher. One of those students to whom he spoke had received encouragement from him even during pre-college years. Jewett's attention had first been focused on this youth when, as a mere boy, he had called on the chemist to see if he could buy some glass-tubing he needed for his own little home laboratory. At the time the boy had just fallen under the spell of chemistry through reading an out-of-date textbook which had been used by his own father during his college years. This boy was Charles Martin Hall. In his first year after graduation, while still in touch with the campus life, Hall invented his process. What follows is his own account of how he succeeded:

"I had studied something of thermo-chemistry, and gradually the idea formed itself in my mind that if I could get a solution of alumina in something which contained no water, and in a solvent which was chemically more stable than the alumina, this would probably give a bath from which aluminum could be obtained by electrolysis. . . . In February, 1886, I began to experiment on this plan. The first thing in which I tried to dissolve alumina for electrolysis was fluor-spar, but I found that its fusing point was too high. I next made some magnesium fluoride, but found this also to have a rather high fusing point. I then took some cryolite, and found that it melted easily and in the molten condition dis-

solved alumina in large proportions. I rigged up a little electric battery—mostly borrowed from my professor of chemistry, Professor Jewett, of Oberlin College, where I had graduated the previous summer. I melted some cryolite in a clay crucible and dissolved alumina in it and passed an electric current through the molten mass for about two hours. . . . I next made a carbon crucible, enclosed it in a clay crucible, and repeated the experiment with better success. After passing the current for about two hours I poured out the material and found a number of small globules of aluminum. I was then quite sure that I had discovered the process that I was after.”

Today these first globules of aluminum are cherished as if they were crown jewels, and it is widely appreciated that Hall’s process was to aluminum as the blast furnace is to iron and steel. It is the sluice gate through which pours all the aluminum men use.

However, this importance was far from being so apparent when Hall first set out to find backers. He had no money of his own to exploit his invention and during several years he experienced a series of disappointments.

His process first “worked” on February 16, 1886. Various people considered and rejected or else neglected the opportunity to buy an interest, even a controlling interest, in his patents. A few seemingly tried to impose on him. It was not until 1888 that he arrived in Pittsburgh and there met the metallurgist Captain Alfred Hunt, who had been a member of the first class to be graduated from the Massachusetts Institute of Technology.

Captain Alfred Hunt, seeing tremendous possibilities in Hall’s process, undertook to form a little company. It so hap-

pened that he and his family were members of a Congregational church on the outskirts of Boston, of which Dr. Davis was the pastor. The Davis family and the Hunt family were intimate and devoted friends and the Davises had profound respect for Captain Hunt's judgment.

Just at this time, Dr. Davis's young son, Arthur Vining Davis, still a college senior at Amherst, had made up his mind to become a doctor and wrote of his decision to Captain Hunt, who replied in an almost peremptory tone of cajolery: "Don't think you are going to be a doctor or a lawyer. You want to come along with us out here and make some money in the aluminum business." So young Davis, as soon as he received his diploma, went out to Pittsburgh. Consequently, Arthur Davis had been on hand, prepared to devote his life to aluminum even before the first little company was formed.

At a night meeting in the Hunt home, July 1888, six men subscribed to the stock of a little business, which they named the Pittsburgh Reduction Company. The original subscribers were Captain Hunt; his associate, the chemist, George H. Clapp; Millard Hunsicker; Horace W. Lash; W. S. Sample and Robert Scott. Among themselves they put up \$20,000 in cash, and received for that money shares in the new company. But this group of men had less than a half interest in the company. Hall was the largest stockholder.

Thereafter, a couple of rooms were rented in a building in Smallman Street, Pittsburgh, to house the "works." When things ran perfectly in that little plant about fifty pounds of aluminum was recovered per day. But it was a rare day when things ran perfectly. Actually Hall and Davis were pretty happy any day when they got thirty pounds during the first

months of operation. Hall was having trouble "balancing" the electric current.

Their plant was in the mill district about two miles out from the center of Pittsburgh. Hall was superintendent and young Davis his assistant. They took the night shift by turns, alternating every two weeks. There was plenty to worry about. There were "bugs" in the process that had to be worked out and on any day when a "bug" developed they produced little or no aluminum. Repeatedly they worked all day long only to meet sickening disappointment. When they would draw the charge there would be no aluminum in it. Weeks had gone by before they had accumulated any aluminum to speak of; then months elapsed before they were making enough stock to market. Naturally they worked their plant day and night. The reduction pots went on "cooking" hour after hour, twenty-four hours a day. Besides the superintendent and assistant superintendent there were three other employees. Hall's salary during that first year was \$100 a month and Davis got \$60 a month.

When they had an ingot, it represented something for which they had profound respect. An ingot was worth more than the superintendent was getting for a week's work. Hall, as he finished his turn of duty, would put into the safe his shift's output of aluminum and Davis would do the same.

The best market for aluminum in the whole world then was right there in Allegheny County because of the many steel plants. "Blow holes" were the curse of the early steel makers. Aluminum, because of its unparalled affinity for oxygen, made a marvelous flux. When a few handfuls of aluminum were thrown into a heat of steel in an open hearth or a Bessemer furnace, that steel, as it cooled in ingot form,

would be magically free from blow holes. Yet even the avid steel makers could afford to use only a little aluminum at \$8 a pound. That was the price which the Pittsburgh Reduction Company had to put on its product in the beginning.

Pretty soon the company dropped the price to \$5. At that point the business crossed a significant frontier. The partners were then underselling all other aluminum and justifying beyond argument the soundness of the Hall process. But even at \$5 a pound, they could make more than they could sell, so the price was reduced again to four dollars and then again to two dollars. These first tremendous drops in price had been made by the time Mr. Davis was introduced to A.W. at the bank. Within less than a week after this first visit A.W. had come to a conclusion about this little company and the process it owned. Arthur Vining Davis never has forgotten the sense of triumph he enjoyed when A.W. broke the good news to him. He had "reduced" gold from the bank!

This meant new life for the concern. On behalf of himself and Dick Mellon, A.W. paid \$6,000 for 60 shares at \$100 a share. The original investors, all salaried men, had received some of their stock at \$40 a share. The stock sold to the Mellon brothers was some of that reserved for Hall but for which he was still obligated to pay subscription money into the company's treasury. So A.W.'s first money actually went to the company and was paid out for the running expenses of the business.

By the spring of 1890 A.W.'s judgment was receiving heart-warming confirmation. The little plant out there in Smallman Street had become too small. Evidence that the business was ready for expansion was shown to A.W. one day by young Davis. He came into the bank carrying a sheaf

of papers. They represented unfilled orders for a total of 7200 pounds of aluminum. Since he and his partners could only make fifty pounds a day with existing equipment in that Smallman Street plant it was obvious that they would have to get a larger plant.

Nineteen miles north of Pittsburgh, on the east littoral of the Allegheny River, the Burrell Improvement Company was trying to excite interest of home builders in land it owned at a place called New Kensington. T. Mellon & Sons had some association with the Burrell Improvement Company. An offer was made by this firm not only to present to the Pittsburgh Reduction Company four acres of level land on the river bank free of charge but to pay as well a cash bonus of \$10,000 if they would establish their business on that land. As a further temptation cheaper natural gas was available there at New Kensington. When the Pittsburgh Reduction Company was ready to make that shift out of Pittsburgh to New Kensington in order to increase its capacity from 50 pounds a day to 1,000 pounds, the ones who put up the \$7,000 required for the move and machinery were A.W. and Dick Mellon.

However, the rent on the Smallman Street plant was overdue even when the enlargement was being arranged, and the company was steadily losing money. The business year that ended August 31, 1890, showed a loss of \$637, and that was, at a time when the partners were very eager to show a profit at the earliest possible moment. All their financial problems were taken by Arthur Davis straight to A.W. Mr. Davis came to the bank two or three times a week. He was reporting, as I was reporting, and as various others were reporting to the Mellon brothers, concerning enterprises in which they had

invested their money. Whenever A.W. invested in anything he watched it; and through Mr. Davis he certainly was watching aluminum. I suppose he had gone to the Smallman Street plant a few times, and I'm sure both he and Dick went to New Kensington early in its history, but when A.W. saw a trial balance, he saw everything he needed to see in order to form his opinion about the business which that trial balance concerned. By 1893 the company's balance sheet showed a profit of \$139,000 and A.W. knew that his faith was justified.

There is no possibility of telling here the whole story of aluminum because it would fill a shelf of books. But there can't be any doubt as to two things about it: One is that every pound of the billions of pounds that have been made and sold in America has been made by the electrolytic process worked out and patented by Charles Martin Hall in 1886. The other fact is that the great Aluminum Company of America is literally the creation of Arthur Vining Davis, supported, through all its formative and critical years, by Mellon money, and—what was even much more important—guided by the wise counselling of Andrew W. Mellon as to much of its policy-making and as to the design of its structure. It was Andrew Mellon who saw that what was needed was an integrated company. Only a company having control of its own ore supplies, its own power, its own fabricating plants and sales agencies, could have survived and become strong enough to induce a hidebound world to accept so swiftly this wonderful material into the peerage of metals.

Today every American ought to realize that the fate of our country has hung on our power to produce aluminum. That power is something which the nation owes to the magnificent efficiency of the Aluminum Company of America. Providen-

tially it had achieved that efficiency in good time to fulfill our government's desperate need during recent years. A fact of which I am proud is that the company undoubtedly attained its great proportions through the unlimited support that it received from A.W. and Dick Mellon. Recently, as a senior member of the Mellon family, I received from Arthur Vin-
ing Davis, a terse but heartwarming tribute to A.W.: "Without airplanes, inadequate fighting power; without aluminum, inadequate airplanes; without Alcoa, inadequate aluminum; without Mellon, no Alcoa."



ANDREW W. AND RICHARD B. MELLON



CHAPTER XXIV

Carborundum Dream

When I say A.W. Mellon was a *great* business man I use the word “great” thoughtfully as any of us means to use the word when we speak of a great painter or a great musician or a great statesman. Of course, I am speaking not of his power to make money for himself, but of his gift for understanding money and his skill in putting it to work for everybody.

Andrew Mellon’s greatness operated in a field which men have yet to learn how to appraise. A statesman is expected to accumulate power as a concomitant of his greatness, but some historical perspective is required generally before we distinguish the greatness from the power. So it may likewise take time and better understanding before people can distinguish between the personal wealth and the accomplishments of A.W.

If, through some improbable catastrophe, the services provided by the many companies of which he was the principal architect were suddenly to be subtracted from our economy, only then, I think, would people really appreciate the gigantic value of his contribution. Nevertheless, insofar as we concern ourselves with the growth of America’s strength as a nation, A.W.’s genius was comparable in importance with that of her most gifted inventors. I say so with all the more emphasis because, without A.W.’s talents and powers, certain

inventions and discoveries would have come into common use much more slowly.

A man who said he was an inventor came into the bank one day to see A.W. about some money. A.W., accustomed to taking his vacations in Europe, detected a touch of continental gloss on the man's manners and recognized almost as a Parisian souvenir the curl at the ends of his moustache. Nevertheless, the visitor was Pennsylvania-born, from Washington county; his business card identified him as the president of the Monongahela City Light Company. Actually he was an inventor, a great one.

This man was Edward G. Acheson. His business card remained on A.W.'s desk, where an attendant had placed it; and Acheson now placed carefully on top of his card a chunky object, as big as his thumb, which glittered iridescently in tones of peacock green, blue, red and purple. The visitor said that it was a diamond. Then he reached for a glass paper weight there on A.W.'s desk. Using an edge of the chunk, he scratched a line on the underside of the piece of glass. Of course, that test was not final. A.W. wore no diamonds. But the visitor was wearing a diamond ring, one that was strangely scarred and blemished. A number of its facets previously had sacrificed their brilliance to other tests such as he was now making. Holding his ring close to A.W.'s eyes, and using the chunk as a tool, he made a scratch on another facet of his diamond. In those days you learned in school that only diamond could cut diamond. When asked where in the world he had obtained a chunk of diamond so big and undeniably beautiful, but unfortunately discolored, Mr. Acheson made an astounding reply.

"I made it," he said.

“How?”

“In an electric furnace.”

“Out of what?”

“Sand, coke and salt.”

This man Acheson was a good showman when showmanship served his purpose. He was an outstanding example of the inventive genius that has flourished on the American continent as nowhere else on earth. His father, who had died when he was young, had been superintendent of a little blast furnace up in the Allegheny Valley. After only three years or so of formal schooling, the boy had gone to work to help support a fatherless family; but he amused and educated himself in off-hours by experimenting in a chemical laboratory in his own room. His career as an inventor began there. He was only seventeen when he applied for the first of the scores of patents which were to be granted to him. It was for a boring machine.

Perhaps his genius flourished all the more because he was self-educated. Among various kinds of employment in youth, he worked as a ticket agent and clerk and as a surveyor on a railroad line being built into Pittsburgh. Later while working as a tank gauger for Standard Oil's United Pipelines, Acheson created a set of pocket tables to enable those less gifted mathematically to calculate quickly the capacity of any oil tank.

Having left the pipeline company to hunt a job in the electrical field, he went to Menlo Park, in New Jersey, and was hired by Thomas A. Edison. In the course of ten years Acheson made himself into a valued assistant of Edison. For Edison he traveled all over Europe, installing crude but effective little electric light plants in theaters, restaurants, museums,

city halls and hotels. Everywhere, from Italy to the Netherlands, the process of self-education went ahead amazingly because he was frequently in conversation with scientists and engineers who were all excited by these wonderful illuminating machines from America.

In Paris Acheson worked for a while with Nikola Tesla. From Budapest, where he then was concerned with telephony, Tesla had come to Paris to find out about these little Edison plants. So, clearly, Acheson had been one of the pioneers in the electrical field.

Back in America, Acheson launched out on his own. In those days men with spare funds were sometimes disposed to grubstake an inventor. John S. Huyler, the confectioner, whom Acheson had first met on the ship that took him to Europe, became his backer several times, but was almost invariably disappointed, although usually he was reimbursed with funds provided by Acheson's next backer, who, of course, would want to clear the title to whatever he was backing.

That was the case when George Westinghouse, the Pittsburgh inventor and manufacturer, purchased certain patent rights and began manufacturing an anti-induction telephone cable invented by Acheson. Acheson worked for Westinghouse in the latter's new company as its electrician for several years; and then when he left Westinghouse, Huyler was ready to back him again.

Acheson's ambition at this time was to buy a lighting plant in some small city, in the belief that he then might have an assured income and could conveniently devote most of his time to experimental research work in the electrical field, with a view to further invention and further patents. The project was called the Monongahela Electric Light Company.

This was the third time Huyler had backed Acheson, each time hopefully.

Once the confectioner came out to the Monongahela City plant to see what electrical wonders might be hatching there to rival those of Edison. Acheson handed him a small chunk of a gummy substance which he said was artificial rubber. Unfortunately, Huyler, only a short while before, had made a losing investment in a plantation of rubber trees in Mexico. In a rage, he told Acheson to throw the stuff in the river, and went back to New York.

It would probably be inaccurate to call Acheson a scientist because his methods were unscientific. In later years, when the development of the automobile made it apparent that synthetic rubber would have value, Acheson realized he had forgotten completely the methods used, and even the materials. In producing that rubber-like substance, he had, unlike a scientist, neglected to make notes as he worked. Nevertheless, he was keenly interested in most scientific developments and his own results in various fields of experimentation were occasionally as astonishing as anything ever produced by scientific research.

Naturally, Acheson, with such a background and understanding, became interested in the almost limitless possibilities of experimenting with the intense heats which could be generated in an electric furnace. He was deliberately trying to reproduce such creative force as was in Nature's retort when the earth was born in incandescent heat.

He first contrived a little electric furnace. He took an ordinary solder bowl of a portable furnace such as plumbers still use. This he rigged up with two leads from a dynamo in the Monongahela City power company plant. One wire end was

wrapped around the bowl. The other was attached to an arc light carbon, a pencil-shaped object then used in all street lights. This carbon Acheson inserted in the bowl after filling it with a mixture of clay and powdered coke. In later years, he contended, and believed, it had been his intention from the beginning to try to make a synthetic abrasive. Possibly so. But it never would have surprised me to hear Acheson admit that he had been merely engaged in trying to see what would happen when he prepared his charges of clay and coke for cooking in that little furnace at heats which were never achieved in ordinary industrial activities.

He had made sure that there was enough coke in the mixture to carry the current. Consequently, during the "cooking," the mixture in the little bowl glowed incandescently. When the mass had cooled, Acheson was at first disappointed by its appearance. It had been changed to a harder substance and was cinder-like; that was all. But, by a stroke of luck, he happened to notice a minute glitter on the end of the pencil-shaped carbon where presumably the heat had been most intense. He trapped one of these specks in the graphite end of his lead pencil and then drew a line with that pencil on a piece of glass. The speck cut the glass as a diamond would have cut it!

Thereafter, Acheson repeated the experiment until he had accumulated enough of these hard specks to make a real test of the abrasive qualities of the new material. He did this by bonding it to the edge of an iron disc which he mounted in a lathe. With the disc revolving at high speed, he held against it a facet of his own diamond ring, and saw the polish vanish from that facet. There could be no question about it then: his synthetic material was certainly almost as hard as diamond.

It was really diamond-like stuff, although it did not have the glass-like transparency of a gem.

Edward G. Acheson named this material Carborundum. In doing this he was blending the words "carbon" and "corundum." Mistakenly, he believed that his product was an actual combination of carbon and an aluminum oxide called corundum. In that very fact there is further evidence of the unscientific quality of his genius because he did not try forthwith by chemical analysis to identify the stuff born in that heat. Actually, as he later determined, it was silicon carbide.

Despite the man's lifetime of association with industry and industrial processes, his mind was at first fixed on the jewelry trade as the market for his product. This was because Dr. George Kunz, gem expert of Tiffany's, in New York, had fixed his attention some years before on the need for a cheaper abrasive in the jewelry trade where diamonds reduced to dust were commonly used for grinding and cutting. Acheson went to New York, carrying in his vest pocket the world's supply of Carborundum. It was contained in a vial such as was commonly used at that time by homeopaths in dealing out their pills. With this sample he demonstrated to diamond cutters in New York the cutting qualities of Carborundum. When he returned home to Monongahela City he had a four-dollar order—ten carats of Carborundum powder at forty cents a carat.

On the strength of that order the Carborundum Company was organized and incorporated in September, 1891. The Monongahela Electric Light Company stockholders received, as a bonus for the use of the company's facilities and the time of their president, a third of the stock in the new company.

Again, as one of the shareholders in the Carborundum Company, Huyler was in there betting on Acheson.

Acheson then bricked up a larger electric furnace and began producing Carborundum in appreciable quantities. By this time he was charging his furnace with coke, sand and salt.

During the next few years the company's output was limited to the capacity of a small 135-horsepower steam engine that was generating its electric current. But the really dismaying problem that kept confronting the business during those early years was the narrowness of the market for the product. They could make far more Carborundum than they could sell. The first little Carborundum grinding-wheels that Mr. Acheson made were sold to dentists who were the first to discover that, even at a higher price than they had to pay for emery wheels, they made money by using Carborundum. It saved two-thirds of their time! Equally important, it made their work less tedious and trying to any patient whose tooth structure had to be cut away. What Carborundum could do in the operation of a dentist was a fair measure of what it would do for any industrial grinding operation: it could save two-thirds of the time—a revolutionary possibility! That, of course, was what interested A.W. and Dick Mellon as, on succeeding days, they considered that scintillating chunk of Carborundum that Acheson had left on A.W.'s desk.

Of course, they realized that the inventor had come to the bank and scratched up his diamond not to be entertaining but because he was in trouble. Only a few days before his visit to T. Mellon & Sons, Acheson's backers—his Board of Directors, in fact—had walked out on him. Every one of them had resigned. The reason, according to Mr. Acheson, was that

they had objected to his plan for moving the whole business up to Niagara Falls where he planned to contract for almost tenfold more electric current than he had been using in the operations at Monongahela City. A.W. was quite familiar with the possibilities at Niagara Falls because already aluminum was being made there in a plant for which he and Dick Mellon had provided the money. The big Aluminum Company operation at Niagara Falls today grew out of the very first industrial establishment to make use of the cheap power generated at the Falls. As Acheson explained to the partners, the men who were associated with him thought he was mad to propose such an expansion when already they were making more Carborundum than the market could absorb.

At the time when Acheson came to the bank, customers were taking twenty-two or twenty-three tons of Carborundum a year. If the company operated its little 135-horsepower steam engine at capacity, it could generate enough current to make forty-five tons of Carborundum a year. Acheson's directors had wanted him to wait until his market had grown up to his output before he dreamed of increasing his production. But Acheson could see that his market was being limited by the cost of his product. Only through heavy volume production could the cost be brought down. His problem was a Gordian knot which only capital could cut.

As A.W. and Dick had reasoned their way through a similar situation in the case of the Pittsburgh Reduction Company (destined to become the Aluminum Company of America) Acheson had an easy time with them. Throughout its history the Aluminum Company had been able to make more aluminum always than the market could absorb until we got into World War II. Nevertheless, the company's prosperity

and progress had depended upon a constant expansion of its production as well as on a constant expansion of its market. Decreased production costs justified a lower selling price and the lower selling price, in every instance, had established a much bigger market. Of course, A.W., with his intimate knowledge of industry, was fully prepared to appreciate the value of Carborundum.

Acheson, at this time, had provided himself with a new Board of Directors and these had authorized an issue of \$75,000 of company bonds. He had come to the bank to see if the Mellon brothers would take those bonds. A.W. and Dick bought \$50,000 worth and, as a premium for taking the risk on a company which had yet to make a dollar of profits, they received a one-sixteenth interest in the company; that is, out of a total capitalization of \$200,000, they received shares representing a par value of \$12,500.

Among all their investing adventures I can find no better example than Carborundum to show that the contribution of A.W. and Dick Mellon to the companies they fostered transcended the money itself. They put in vastly more than money.

Item one on the list of things transcending money would be people. I was in the street car business when Carborundum was brought to the bank. At that time I was acquainted with an engineer named Tone, who had worked for Brown Brothers in the street railroad business, and who had also worked for me. He had a brother, a chemical engineer named Frank J. Tone; and this man, later Dr. Tone, was put into the Carborundum Company. It was he who went up to Niagara Falls and supervised the building of the fine new plant there which superseded that little 135 horse-powered plant at Monongahela City.

A contract had been made with the Niagara Falls Power Company for 1,000 horsepower of electric energy to be supplied on a 24-hour basis. That contract had been entered into for a long term. At the time the contract was made there had not really been any practical demonstration that that amount of power actually could be delivered. It should be remembered that this was really one of several pioneering adventures in the use of electric energy in industry, since electricity never before had been handled in such force and there was no apparatus in existence capable of handling so much.

First of all, a special transformer had to be designed and built; when installed, it was recognized to be the biggest thing of its kind in the world. All the machinery that was made for the treatment of crude Carborundum had to be specially created. The man who supervised all that unprecedented work was the engineer, Frank Tone. Today a lot of Americans who never heard of him are familiar with the name of Franchot Tone, his younger son, although the fact is that the work of the elder Tone has benefitted literally all Americans. Frank Tone was as capable in his field as Charles Martin Hall was capable in his. His work was so sound as to inspire confidence in the complete enterprise.

Up there at Niagara Falls they began piling up tons of Carborundum until there was an inventory of overwhelming size and a sales problem of comparable proportions. Originally it had not been the intention of Mr. Acheson to go beyond the production of crude Carborundum. He had expected and preferred to make only Carborundum. But he and his associates made slow headway against the prejudices of manufacturers of grinding wheels, emery cloth and emery paper, even despite the argument (which easily could

be proved) that Carborundum could do an industrial cutting job in one-third the time that such a job could be done with emery. So, as with aluminum, it became necessary for this company to start fabricating its primary product into products that could be sold directly to consumers. Here, as with the Aluminum Company, the advice of A.W. was of paramount importance.

Acheson came from Niagara Falls to Pittsburgh frequently and always to the bank. Almost invariably he wanted money. His head seethed with plans. His original backers in the Carborundum Company had neglected or had been unable to get all of the appropriate patent rights owned by Mr. Acheson. The company had, principally, the American rights, and Acheson still had for sale German rights, Canadian rights, and other rights. This situation was not sound. He was the president of the company and was, in effect, requiring the company from time to time to buy things it should have owned from the beginning. Within a few months after Mr. Acheson's first visit to the Mellon bank he went abroad with a \$25,000 letter of credit furnished by the Mellon brothers. This was to enable him to establish another works in Germany, where it was necessary to begin manufacturing Carborundum in order to protect the patent rights. By this time A.W. and Dick had bought from Acheson a half interest in those German patents.

When Acheson returned from Germany about three months later, he was sold on the idea of broadening the base of the Carborundum Company's operations and to supplement manufacture of Carborundum wheels with Carborundum cloth and Carborundum paper. To finance this expansion my uncles advanced \$50,000 more. For this loan to the

company they received \$46,000 of capital stock. The latter had been increased from \$200,000 to \$300,000 so as to provide for the purchase from Mr. Acheson of his Canadian rights. Acheson received cash.

There were a number of transactions during the next three years until A.W. and Dick owned pretty close to a half interest in the business. But the business was not running smoothly. There was something like a minor explosion in the office of T. Mellon & Sons one August morning in 1897. Dick was talking over a long distance telephone connection with Mr. Acheson at the Carborundum Company's office in Niagara Falls, and he was talking in such a tone of voice as to make me wonder whether it was really necessary for him to use the telephone to make himself heard up there. But I sympathized with his point of view. As a banker he felt outraged. Dick was often out of temper but never for long and he was soon explaining more gently to Acheson the cause of his irritation. Mr. Williams, then treasurer of the Carborundum Company, had come to get another in the succession of loans. This was for \$10,000 and he had obtained the money for thirty days. Mr. Williams had brought with him that day the Carborundum Company's statement as of the previous May and this was August! Dick was saying:

"Now any company which needs credit as badly as the Carborundum Company should have its accounts up to date. Then a banker could at least have an intimation of the condition of the company later than sixty days back."

Among other things Dick was telling Mr. Acheson to stir up the office force and get out the June and July statements. I could hear Dick saying: "I don't care whose fault it is. I only know that the whole concern is sadly in need of push and

energy and unless an immediate improvement is shown we shall have to put in someone to protect our interests."

That statement was backed up by a letter which made the same points even more coherently and cogently than they had been made over the telephone. Dick wrote to Mr. Acheson: "It is my opinion that all, both officers and employees of the Carborundum Company, are a come-easy-go-easy set and should have a lively shaking up and the lightweights skimmed off. I mean this in the strongest terms."

The Mellon brothers rarely interfered with the management of a business if they could avoid doing so. But the Carborundum Company was a clear-cut case where they were obliged to interfere to save a business. Despite his extraordinary gifts, Mr. Acheson was a troublesome fellow from the viewpoint of the bank. Like many highly gifted people, he was, I suppose, self-centered. A.W. wrote to Mr. Acheson in 1898:

"I am sorry to see the disposition on your part to treat the Carborundum Company as if it were an outside concern in the welfare of which you are not interested. You are president of the Carborundum Company. . . . In the last six months it showed a real and actual loss in operations notwithstanding the fact that considerable progress had been made in treating carbons. Now the company is in a crucial state, having made changes in its methods, etc., and should it show no improvement, what will be the result? My brother and myself will have lost an immense sum of money, while on your part you would have received in one way or another a very considerable amount. I have no expectations that this will be the result, but we can't tell as yet. . . . I am only mentioning these things to show that you have been getting your returns

while the company has never earned anything and while it was practically bankrupt and would have been wiped out of existence beyond any doubt, had it not been for our support.

“We paid you for a half interest in the English patents, out of which we have received nothing; and, of course, if the home company should not be a success, that will be a loss. The German patents do not seem to be succeeding. . . . I can assure you that for myself I feel at times very uneasy over the result although I still hope and believe that our investment will come out right.”

The basis of that hope was Frank W. Haskell.

The great usefulness manifest in this company today did not begin to appear until it received sound organization from Mr. Haskell. Haskell probably had first attracted our attention because he was an able accountant. Eventually he became distinguished as a mathematician. He also had a gift for organization, and, combined with this, was a natural ability as an investigator.

Haskell went up to Niagara Falls in June 1898, and in August he made his first report. In essence he said that the business of the company had not been and was not profitable; that there was invested in the company too large a sum to be abandoned and that the inherent merits of the product were such that there could be no question of abandoning it anyway. He saw that the vital question was: “How can the present losing business be turned into a paying one?”

Haskell, in his report, expressed great respect and admiration for Mr. Acheson. But he pointed out that the most glaring and vital defect in the conduct of the company was that it had no executive. He added that the company had spent money lavishly in the purchase of everything it had needed

with the one exception of brains. It was utilizing the most modern production of electricity in the world, had put in new machinery in keeping with that power, and was even then preparing to double its producing capacity.

But, his report showed, every officer of the company had such a volume of routine duties that he had no chance to do the really creative work required of a top business executive. By that time the company was making effectively a thousand things out of carbide of silicon: grinding wheels, hones, blocks, stones, paper, cloth. But the Carborundum Company really had no sales manager. Mr. Haskell could see very clearly that the company, properly organized, could be put on a self-supporting basis within a few months and within a couple of years be earning large profits.

Haskell further reported that there was an extraordinary lack of direction up there. A large percentage of all the goods sent out at that time were being returned as defective and the grinding wheels themselves were not more abrasive in their action than this circumstance was to the reputation of the business.

Within a few months' time the former treasurer and secretary of the company were replaced. Frank W. Haskell became secretary and the former bookkeeper, Frank Manley, became treasurer. Manley had worked for me in the oil business before he went with the Carborundum Company. Only a short while before this change Manley had come back to Pittsburgh to tell us that he would like to be brought home and put in some other company. He said he wanted to get out of Niagara Falls before "the roof fell in." A.W. had told him quietly: "You go back. The roof won't fall in." At that time

the company owed back salary to practically all of its office force.


But there still was no disposition to oust Mr. Acheson from the presidency of the company. In a confidential report that he wrote that summer of 1898, Mr. Haskell clearly registered his belief that if Acheson would devote himself to the job, he would be the very best kind of president for it. Haskell hoped to create under Acheson a competent staff of men who would have not only brains but time to use them in the company's service. As matters turned out Haskell managed the company and Acheson remained nominally president until about 1901 when Haskell succeeded him.

From that time forward the Carborundum Company began to grow in strength and its usefulness expanded wonderfully. That usefulness to America and to civilization can scarcely be exaggerated. During the last few years civilization has been saved by the power of American mills and factories to produce in unprecedented quantities a bewildering variety of the most complex mechanical contrivances as well as the simpler utensils of warfare. Without one single exception—airplanes, ships, vehicles, guns or ammunition—that power to produce in mass was based on the principle of interchangeability of parts, and the application of that principle to American production waited on the development of a synthetic diamond stuff such as Carborundum.

For at least forty years now the Carborundum Company has been a significant landmark among American industrial institutions. Indeed, year after year during this century, A.W. and Dick Mellon had no better barometer of what was going to happen in business than the reports they received from the Carborundum Company, simply because it was a

key industry. When their products were selling well it was a clear indication that business in general was booming or about to boom.

One measure of the dependence of industry on the Carborundum Company is that it produces today more than 200,000 kinds of grinding wheels. During four decades its products have been revolutionizing all industrial processes from the ancient leather business to the modern automobile industry. Electro-chemistry, in the form of Carborundum, has basically changed our whole scheme of working and producing.



CHAPTER XXV

A Bridge And Some Street Cars

After my marriage and when I had completed my work for the Standard Oil Company and, as I thought, had washed my hands of the oil business, I was given an office in the bank, but no routine duties. My job was to be the "outside man" for the bank. Primarily I was searching then, as were A.W. and Dick, for some other opportunity that I might develop. A project that seemed most likely because it could be started immediately was one that had been talked about in our household many times, possibly as a natural consequence of the warm friendship between my grandfather and the Carnegies.

The Carnegies had steel plants on both sides of the Monongahela River; at Braddock on the north side of the river was their great Edgar Thomson works; a little way down the river, on the other side, opposite Braddock, at Homestead, they had another big plant, their finishing mills for steel. The two towns had much in common. Even then a new type of Old World immigrant was coming into the Pittsburgh region. Obviously two men from the same Old World town who spoke no English and had only their friendship to comfort them in the New World, and who yet found themselves separated during their scant leisure by the deep Monongahela River, were in a plight. The geographical situation inconvenienced not only workmen, their womenfolks and children,

but officials of the two plants, and their womenfolks and children. Clearly Homestead and Braddock though they were sundered by the river were more closely bound by innumerable ties of blood, race, marriage and craftsmanship than parts of many single communities. Consequently, every time the skies were lighted by some activity at the great Edgar Thomson works, nostalgic feelings were ignited down the river. The skies were lighted frequently, too, because at Braddock among other furnaces the Carnegies had one of the most exciting wealth producing engines men have ever built, the gigantic blast furnace that they had named "Carrie." They had also gigantic, pear-shaped Bessemer in which molten iron from the enormous blast furnace was further purified and changed by intense heat into Bessemer steel for rails.

The countless tons of steel from these furnaces that had to be barged across the river were creating for the men of both communities innumerable errands to opposite shores. Of all the bridges that had been built out of the bridge steel produced at Andrew Carnegie's American Bridge works, I don't suppose any had been needed as much as this was needed between Braddock and Homestead and as a link with downtown Pittsburgh. A.W., Dick and I after consideration decided to build a bridge between them. One of the first things I did then was to hire a firm of good civil engineers, Wilkins and Davison. The association which then began between George S. Davison and me was to last until his death, October 3, 1942. We called that structure with which we were to span the Monongahela River the West Braddock Bridge; it was to be a toll bridge strong enough to carry a street car line.

Once we had undertaken to bridge the river, we found ourselves attending a project which stimulated thinking about the many other places that needed "bridging." Pittsburgh's rivers, separately as the Monongahela and the Allegheny and together, as the Ohio, plus their hills richly stratified with coal, had provided natural situations for growth of a great city, but likewise they had provided obstacles to that growth. Overcoming those obstacles through the creation of a great transportation system, bridges included, began to appeal to us as a challenging opportunity.

The street car business was not a new thing to the Mellons when A.W., Dick and I began to concern ourselves with it in 1895. My grandfather had long owned a horse-car line which ran between East Liberty and Oakland, and finally clear into Pittsburgh by way of Fifth Avenue. Once, at least, during my boyhood, I remember his going off on a trip to Kentucky and sending back carloads of horses to replenish the wornout stock of this line. However, in 1895, we were not contemplating a horse-car business. There still were a number of horse-car lines operating in the valleys and on the hills of Pittsburgh, but the city already had some electric car lines although these were giving a service at that time scarcely, if at all, better than the cable cars. Moreover, there never had been anything approaching a unified service.

After the bridge, the next most important circumstance that got us into the street car business, I think, was the fact that we had a lot of coal bonds on our hands and found that we could trade them for a street car line. Grandfather had always had a coal business, and the coal business was just about the meanest kind of business you could be in around Pittsburgh. In our experience, when business was good, there

was such a demand for the coal of our region that we could never get enough railroad cars to fill our orders; and, when times were bad and we could get railroad cars, the price of coal made operations unprofitable. It was a nuisance-ridden business on other counts; something in it was sure to be giving us a headache even if the miners were not out on strike. The last coal company we had had was the Waverly Coal Works on the Baltimore & Ohio Railroad, but we were no longer in the management of that business and therefore were none too happily linked to it by our remaining ownership, represented by a lot of the Waverly Coal Company's bonds. Consequently, when we found certain people in Pittsburgh who were eager to swap a street car property in exchange for rather little money and some of our coal bonds we were disposed to make a trade.

At that time Williams Jennings Bryan was making his first bid for the Presidency, campaigning on a platform calling for the free coinage of silver at the ratio of 16 of silver to 1 of gold, and all over the country business leaders were terrified at the thought of the government's falling into the hands of an executive committed to such a fantastic money scheme. Naturally, many industrial communities were experiencing a sharp depression. As fears of a Bryan success mounted, business conditions became worse. Nevertheless, hard times made it a good time to create.

Normally, in the past, hard times have been cushioned by the fact that, as bargains appeared, buyers appeared. But when prices, including wages, are artificially supported, there are no bargains and no buyers—and depressions become worse and last longer. The price of labor then was 16 cents an hour for labor that today would cost not less than 75

cents an hour. Steel was at the lowest it has ever been. We bought our steel—bridge steel—for 1.6 cents a pound. Steel rails were proportionately cheap.

Once we had undertaken to build a bridge, we found ourselves embarked on a project which grew almost hour by hour, just from our thinking about it. To make such a bridge pay well, we realized, it ought to carry a street car line, because Braddock and Homestead were too far apart to be regarded as within convenient walking distance and if we built a street car line that would require electric power.

Our consideration of a power plant made us realize that a lot of street car lines using power from one big plant could be operated more cheaply than a number of little street car lines using a number of little power plants. So, along with the land needed for the approaches to our bridge, we also acquired a site for a big electric power plant; an ideal place, right near the Rankin side of the West Braddock bridge. There the river bank was a bench-like area at the base of a hill. We planned to make our power at that place because there we could take coal directly from river barges and thus cheaply convert it into electric energy. We proposed to use that steam generated electric energy not only to provide power for our street car system, but also to serve industrial plants and residences.

While we were going ahead with the bridge, we got a franchise for a street railway up through the town of Braddock and also one running into the town of Homestead and connecting there with an existing street railway, the stock of which we purchased. Before long we had things moving toward the building of the bridge and the building of a street

car line to run over the bridge, linking Homestead and Braddock. That was our first electric street car operation.

Simultaneously, while we were getting that set up, I had been going ahead with a deal to get the Homestead and Highland Street Railway. That was really a Toonerville Trolley. It ran from Homestead, across Brown's Bridge—not quite two miles down the river from where our new bridge was to be built—then to Schenley Park, ending about where the Schenley Hotel stands. This railway had been built originally on a private right-of-way. It was quite an old broken down railroad, in a terrible state of disrepair. Richard Wood controlled it.

This Schenley Park line had no connection with anything. It began in Homestead and ended rather futilely in the suburbs of Pittsburgh. The street car business had ceased to hold any interest for Richard Wood. He was quite fed up with this rickety, rundown, practically busted property that he and his associates had on their hands. They were really having a hard time keeping it going from day to day, because their route offered so little. Consequently those old Waverly coal bonds of ours were mighty tempting to Mr. Wood. So we traded. Wood and his associates were glad to turn the road over to us for a moderate price. I have forgotten just how much we did pay, but it was a very little money plus some of our Waverly coal bonds.

When we had become owners of the road, I set to work to transform it into a first-class electric street car line. We practically threw away the old rolling stock. Cars were sold for five dollars each and most of them became back yard play houses. Many were junked. We had something better,

and we were laying rails actually heavier than the tracks of the Pennsylvania Railroad.

The superb electrical apparatus of our street cars was something we owed to George Westinghouse. In spite of the difference in our ages, George Westinghouse and I were friends. He never lost an opportunity to encourage me, and, whenever I had occasion to travel between Pittsburgh and New York, if he was going my way, I rode with him in his private car. I had a standing invitation. No matter what kind of difficulties he was in with his business, he kept that private car, the old Glen Ayre. I had countless stimulating hours in the company of Mr. Westinghouse, and some of the best of them were on such journeys. I felt myself singularly privileged in this friendship because ordinarily Mr. Westinghouse kept much to himself.

When I was facing the problem of getting street cars for Pittsburgh, I needed just such a genius as Mr. Westinghouse because the small mountains on which Pittsburgh is built clearly called for street cars far more powerful than had yet been built. Anyone who could not afford to keep a horse, and who grew old and somewhat feeble in a house near the summit of some Pittsburgh hill, was pretty well marooned for life for want of transportation. It was an old problem. My grandfather partially solved it in places by building several inclined planes. Actually, they were mountain elevators. Some of these vehicles carried street cars up and down hills too steep and cliff-like for ordinary street cars to negotiate. They were a kind of hill "hyphen" in some street car line. But we wanted street cars that could climb hills with their own motors.

Our studies had convinced us that the General Electric

Company in that time was building electrical apparatus for street cars that most nearly approached the ideal we had in mind. When my friend Mr. Westinghouse discovered that I was thinking of going outside of Pittsburgh to deal with General Electric he pretended to be outraged. To my delight he said that he wouldn't hear of our going anywhere for our equipment except to Westinghouse. The job of designing it, he promised, would have his personal attention.

He kept his word. Westinghouse created motors for our street cars which took them up and down grades such as previously had been negotiated only by cable cars. Of course, this equipment was much more powerful and heavy than was in use on street car lines in cities where streets were less hilly. That was the kind of challenge that always excited Mr. Westinghouse and he did a fine job in designing our equipment. Our first street cars cost about \$2,000 each and they were grand. The old horse-cars and other decrepit vehicles of the street car lines of Pittsburgh commonly were painted red in those days. Our new cars were as yellow as paint could make them.

Because the service was so superior to anything else in the shape of a street car, from the very first day that these yellow cars appeared on the streets they were an influence in helping us to extend our lines. Night after night I had to go around to the small towns where we were after franchises and the fact that what I was offering was those yellow cars tended to make my work easier. Then suddenly competition was touched off like a fire cracker. This started up when I had made a further deal.

Two powerful groups had been at work in Pittsburgh developing street car systems. Brown Brothers, of New York,

were operating several street car lines and planning to extend them as much as they could. They had as their manager a determined, likeable fellow named James Dawson Callery. Callery and Brown Brothers, up to the time we became active, had as their only worthwhile opposition Elkins & Widener of Philadelphia. This firm was operating what was known as the Consolidated Traction Company, and their Pittsburgh traction manager was Christopher Magee, the political boss of Pittsburgh. Obviously such a man was to be reckoned with when franchises were the quarry of several hunting parties. There were several reasons why it was advantageous for us to make a deal with Elkins & Widener.

Of course, even with that Schenley Park and Highlands line, we had but half a backbone for a real system, because we had come only to what is now the site of the Carnegie Library, which was a long way from downtown Pittsburgh. The arrangement I made with Elkins & Widener was designed to last a long time. We got a lease to run our cars right on down into Pittsburgh over the Consolidated tracks, and for this service we paid two and a half cents per passenger. The Consolidated gave me a lease for 99 years. What we had that interested the Elkins & Widener people was fresh and growing traffic. Naturally, it was a two-way traffic and they benefited quite as much as we did. Once this deal was made, franchise-hunting became intense. From that time forward, until I was completely out of the business, I worked just as much at night as I did by day. We were constantly faced with new franchise problems and except for myself there were only one or two other people who could work effectively in this troublesome job. Practically every bit of franchise hunting had to be done at night for the rea-

son that the suburban towns from which we were soliciting franchises never had any council meetings except at night. Being councilman was not a full-time job. Some councilmen were saloon keepers or small store keepers and many were employed in steel mills and factories. There were all kinds of influences making hidden currents in these turbulent little political areas around Pittsburgh. I had my back in this thing and there was only one way to hold my own and that was to go out and live among these people.

Lease buying during my years in the oil business was good preparation for what Leonard Woods and I now set out to do. Leonard was a really old friend, for in our boyhood we had been playmates and schoolmates. Thereafter, Leonard had worked for coal mine companies around Pittsburgh as an engineer and his knowledge of the terrain of the Pittsburgh area was extremely helpful when I was engaged in creating a great unified traction system. But even more useful was an extraordinary charm he had. He fairly captured people, so that they remained devoted to him. Consequently when I got into the thick of a tough struggle for street car franchises, against really aggressive and determined opposition, the talent for friendship of Leonard Woods outweighed even his engineering ability.

It was a grinding, hard struggle, but we kept on growing. The fellow who is constructing always has an advantage over the one who is obstructing. At the start of that street car development, between our West Braddock Bridge and Homestead we ran into trouble in a little place called Whitaker. We had no right to condemn in building any part of this street car system. Several landowners in the Township were opposing us. The people who wanted the line were far

more numerous, but the few obstructors were more determined. By this time, A.W., Dick and I were in this thing up to our necks and not disposed to be blocked. After trying tact and offering more than generous prices for the land involved, I found a couple of lawyers, who thought they could guide us over that hill at Whittaker. There was an old and by most people forgotten act of the legislature under which it was possible to condemn land for the building of a boulevard. So we quietly got a charter for a boulevard and then pretty expeditiously condemned a right of way for it. The court decided we could lay tracks on the boulevard and roll cars over the tracks. But we couldn't use power.

However, over at Braddock there were several big teaming firms with stables full of horses. So what we did was to run a car to the beginning of the boulevard under electric power and there hitch horses to it and haul it like any ordinary vehicle to the place where our tracks began at the other end of the boulevard—a short distance. We wrangled in the courts while we dragged a car back and forth for a couple of weeks. When we proved that we could do this, it was a fairly easy step to get the right to use electric power. That boulevard was vital to a plan we were executing then to extend our line from Homestead along the south side of the Monongahela River to Duquesne, a town where the Carnegies operated another big plant and then across the river once more into McKeesport. These were all big mill towns.

Between Duquesne and Whittaker there was a big tract of land owned by a prosperous farmer, an old fellow named Thomas Kenney. He was eager to lease his land because of his years. I transformed the farm into a big recreation park, which soon became a favorite resort of the people of the coal,

steel and glass towns along the river. We had swimming pools, really fine dance floors, loop-the-loops, Ferris wheels, roller coasters, merry-go-rounds and pony tracks; also a theater where we gave vaudeville. "Gave" is the right word; the show was free. Indeed, admission to the park itself was free to all who arrived there on a street car.

We called it Kennywood Park; and my gay and amusing brother-in-law, "Jinx" Taylor, found in that place a job that entirely pleased his fancy. He took charge of the vaudeville end of it and ran it well. Our motive was to create night, Sunday and holiday traffic for our street car line. People would come clear from the other side of Pittsburgh to ride our roller coasters and see our vaudeville. We had an agent who solicited the picnic business of Sunday schools and public schools and other large groups of people who might be interested. By that time we had a special car furnished with wicker chairs and other comforts. It was really a party car which could be chartered.

I remember a summer night soon after Kennywood Park was opened, when A. W., Dick and I, in summer flannels and straw hats, were swinging a party. We took the ladies of the family and some other friends for a ride on a chartered street car as if it were a yacht, and arrived in a gay mood at Kennywood Park, where we were met by Jinx. There, A. W. along with the rest of us, rode on all the rides and saw the vaudeville.

Our rights to run our cars over the Consolidated lines in Pittsburgh were unlimited. So we kept on building. Out of Braddock we wanted to extend our line to East Pittsburgh, out along Turtle Creek. By running a line out there we could serve all the people who worked in the Pennsylvania Rail-

road shops at Pitcairn and in the big Westinghouse factory at East Pittsburgh. In those hills full of gullies and gorges there were construction problems so difficult as to make me grateful for such a capable engineer as George Davison. Whereas earlier electric lines had tried to follow the lowest contours of the hills, we were laying our tracks right up over the summits enabling people to escape the congestion of the valleys. We had to buy many parcels of real estate and a lot of buildings before our right of way was complete, and when it was complete, there were ravines and creek beds to be bridged. New streets had to be opened. Wherever we had to go under the Pennsylvania Railroad, we had first to negotiate and then build an expensive underpass.

From Wilkesburg we built another line north toward the Allegheny River, over Sandy Creek and on up to Verona. All these people who were riding on our cars likewise needed electric power in their homes and it was needed increasingly in the factories where they worked. Our Monongahela Light and Power Company bought out a number of little electric light companies throughout the region where our cars were operating and began providing cheaper and more dependable power.

There were only a few hundred automobiles in this country in that time. Most of them looked as if they were intended to be drawn by horses, and they didn't fire the imaginations of most people. But these street cars that we were getting for \$2,000 or \$2,500 a piece were truly exciting vehicles to every family around Pittsburgh. The street cars meant they could spread farther as they sought places to live. When their day's work was done, they could ride home, and they could ride to work; and moreover, ride fast. Every decision

we made was based on just one thing: How many people could we serve? Looking back we ought to see more clearly what an enormous change for the better was worked in people's lives by the coming of electric street cars. That was rapid transportation. What has blinded us largely to its enormous value in the development of the American standard of living was the coming of the automobile rather sooner than anybody had dared expect.

All over the country the street car systems of the big cities had been and were being financed largely by the sale of securities. That was true of a considerable part of Pittsburgh's street car lines, with the exception of that mileage which was spoken of as "the Mellon lines." We had a total mileage in our Monongahela system of 55 miles. By 1901 we had plans afoot that would more than double our mileage. Our operations and our plans embraced three counties and if three, why not six? Or twelve? Or more?

The town of Charleroi was linked to Pittsburgh by the Pennsylvania Railroad, and it was a long way out there on the railroad with its right of way making scallops around the bases of many high hills along the river bank. There were myriads of glass workers up there. The town had been named for a Belgian city where certain kinds of fine glass had first been made. It took forever to get up there on the railroad. I got to thinking about that a lot.

As Eliza had to cross the river on ice cakes, so a traction line has to move from payroll to payroll. I figured out that if we went out of Pittsburgh south along the Monongahela River, we could bring all the towns that lay between us and Charleroi a good ten miles nearer than they were to Pittsburgh geographically and, as things were then, probably

a good hour closer in time. A resident of Charleroi could come into Pittsburgh and get back home almost before he could go one way on the train. So we built, *on paper*, this speed line out of Pittsburgh to the south and then along the river, connecting with our South side road and on up the river.

That projected Pittsburgh-and-Charleroi line would add 44 miles to our system. But to get in or out of Pittsburgh "on paper" was one thing. To do it actually was another. Out of our efforts to link Charleroi and the intermediate towns by a direct route with Pittsburgh, I hatched several schemes. The upshot of the planning and scheming was that we finally got the rights to run cars along Smithfield Street, in the very heart of Pittsburgh, and right in front of our bank. We accomplished this by buying an existing carline, the Pittsburgh and Birmingham Street Railway. That road had a basic right in the city streets, and with that purchase we added another twenty-five miles to our system, which then had a total built or building or planned of one hundred and twenty-four miles. All of these developments were disturbing to Brown Brothers and everytime we got a franchise to extend a street car line along another street in Allegheny, they liked it less. The purchase of the Pittsburgh & Birmingham Company was a great coup in this long struggle for supremacy in the street car business.

Then a new face was put on the old competition. The Philadelphia Company was a public utilities business and it had gone into both the natural gas business and the electric business in Pittsburgh. This company had taken over the Consolidated Traction Company which previously had been merged with Brown Brothers. The traction business

and the power business were natural allies for the simple reason that the street cars consumed such a heavy load of electricity. This Philadelphia Company was eager to establish itself in the street car field in Pittsburgh on a scale commensurate with its operations in the utilities field. So we came to an agreement with it to lease both our power plants and our street car system for 900 years.



CHAPTER XXVI

Spindletop

At the end of a hot August afternoon in 1902 as I sat in my office at the bank, the work on my desk represented largely a winding up of my active connection with the street car business. When I was done with that I would become a man free to devote time to some overdue fun. I knew I could never get too much fishing or too much hunting or too many hours in the company of my family. By that time there were three children in the W. L. Mellon household; and I was then building on the summit of Squirrel Hill the house which is still my Pittsburgh home. As far as money was concerned, I had then as much as I would ever need, but I must say I hadn't been working simply for money.

I have found an excitement in business operations surpassing any other kind. I have played a lot of poker, but I never have had to gamble for excitement. I have got that in my work and some of it was blood-tingling. Nevertheless, I had put off doing a lot of things that I had wanted to do during two interlocked cycles of complete involvement with business. First for more than six years the oil business had absorbed me; and then, during the next seven, I had been engulfed in street car problems. Under any circumstances, a man would have been looking forward to a vacation from the heat of that Pittsburgh August.

The bank's staff had gone, but I was working on to get



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my desk cleared when I heard footsteps and a cough. By the lightness of the step and the apologetic note of the cough, I knew without looking that my visitor was A.W. Lightness of step, gentleness of manner, never-failing consideration, reluctance to bother anyone if it could be avoided—all these were characteristic of A.W. When I looked up, he was standing in my doorway.

“Will, those Texas wells have stopped flowing.”

I knew that the wells he referred to were the oil wells near Beaumont, Texas. Spindletop! That really was shocking, to learn that the greatest of all wells had ceased to flow.

For two years and a half Spindletop had been a symbol of the fabulously bountiful in Nature. No oil well ever had spewed so much oil nor created so much excitement. What I said in that late afternoon talk with A.W. I have forgotten entirely, but I very well remember the things he said, because each sentence was a cord further binding me to an unwelcome duty. Big “outside” problems of the bank generally were handed to me.

When he said, “I’m worried”, I knew perfectly well that what he was worried about was the danger that others might lose their investments in the oil company, after having relied on his judgment. Close to \$5,000,000 was involved. Aside from loss to members of the original syndicate, the bank was involved directly by a loan of \$2,500,000; and there was a further loan of \$1,500,000 which had been made by the Old Colony Trust Company of Boston, to some extent on representations of the Mellon Brothers, and this worried A.W. most of all.

Personally, I didn’t have a dime invested in this thing, because it was the Guffey Petroleum Company. To me, Guffey

always seemed more of a promoter than an oil man. I was an oil man and it had rubbed me the wrong way to hear him always talking dogmatically about oil. Nevertheless, when A.W. said: "Somebody ought to go down and look into this, somebody who knows oil," I knew that it was up to me, even before he added: "Will, I think you're the one to go."

The Guffey Company was a corporation by this time and A.W. was the treasurer; but, though he had some interest in it, he did not control it. He had already arranged for a meeting of the board, in the Frick Building Annex. All the members were prominent in Pittsburgh. There were A.W. and Dick; Mr. Blackburn of the Carnegie Company; Judge Reed, Joshua Rhodes, William Flinn, and, of course, Colonel Guffey himself. He was the president. The Board asked me to make an investigation and report. I agreed to go to Texas and look the situation over.

So I left on the next train for Cincinnati and there boarded a Queen & Crescent Railroad train for New Orleans where McDowell, superintendent of the Guffey Oil Company, was waiting for me. It was hot as the devil, and humid too. We had the whole day to spend there. Already we were at the periphery of the Guffey Oil Company's physical assets.

Just across the Mississippi—there was no bridge then—Colonel Guffey had bought an old sugar-refining property as a site for storage tanks in which to store some of that once bountiful Beaumont oil that now had ceased to flow. The Colonel had been spending money for the business high, wide and handsome. While all that oil had been flowing out of the ground, seemingly without end, there had been excuse for optimism. That night at 10 o'clock, McDowell and I got on a Southern Pacific train in New Orleans and were ferried on

the boat train across the river. Next morning at 8 o'clock I stepped down on the Beaumont station platform.

Beaumont has changed completely since my first appearance there, but in that time it impressed me most by its mud. It was liquid mud in which its blocks of houses were an archipelago. The sulphur in the oil had caused the houses themselves to take on an appearance indescribably shabby. There wasn't one that I could see that had any paint on it. During almost two years sulphur-laden gas in the atmosphere had eaten off all the paint. What paint you could see was on sign boards that advertised, "Gas Proof Paint." Spindletop, the scene of the discovery, had become a forest of derricks; and the ground around these derricks in the sunlight seemed like an irregularly-made checkerboard. The black squares were oil reservoirs formed of earthworks hastily thrown up, some an acre or more in extent.

When I arrived, disillusionment was almost complete. The principal hotel, the Crosby House, a long rambling frame structure, was right at the station. It was the principal hangout for oil men. For more than a year and a half the lobby of that place had been a kind of bourse for trading in leases. But by the time I got there, due to the fact that the wells had ceased to flow, trading in leases was comparatively apathetic. Nevertheless, leases were being sold and resold and sold again as hopes rose and fell. Naturally, many unfettered and unstable people, who had arrived during the boom, were just staying on until some other place boomed.

Insofar as Pittsburgh was concerned, the story began one day in October 1900 when an engineer, Anthony F. Lucas, a naturalized Austrian whose Old World name was Luchich, came to call on Colonel Guffey at his big house in Fifth Ave-

nue, in Pittsburgh. However, the Texas part of the story goes back still further. Three miles south of the little town of Beaumont, Texas, there was a hillock, an undulation in the plain, and which Beaumont people called "Round Mound" usually, although some called it Spindletop.

Beaumont was once a lumber town, for there was much fine timber in the gulf coast swamps. In one of these called the Coffee Berry Swamp, adjacent to that hillock called Round Mound, there was a visible phenomenon which had been like a lodestone for successive generations of Beaumont boys. They would go out there to play around those springs and *set fire* to the water. What they really burned was gas that came up from God knows how far below the spring itself. If a match was held where those bubbles burst it produced a series of popping little blue flames.

One day somebody who had worked in the oil fields of Ohio or Pennsylvania began saying around Beaumont that those bubbles were a sure sign of oil. Just about the only man in that whole county who didn't make fun of that idea was Patillo Higgins. Higgins became convinced that there was oil down there under Spindletop. Then various local people put up money and Higgins, on behalf of himself and these partners, began to drill a well. That was in 1893, a good two years before I got out of the oil business in Pennsylvania. Higgins' trouble was that he didn't drill deeply enough. He quit when his dry hole was only 300 feet down, probably because his money gave out before he had a chance to import better well-drilling equipment.

Thereafter, Higgins got hold of Lucas, who was a mining engineer with considerable knowledge of geology. Lucas was able to raise more money. With his help Higgins drilled an-

other well. That was dry, too. But if faith weakened in Higgins, it grew in Lucas. Lucas maintained that there just had to be oil where there were such strong signs of it.

So, in October 1900, when Lucas came to Pittsburgh and looked around for help in the very capital of oil, I have no doubt that he found several people who were interested and convinced, along with him. But who would want to buy oil from just another well—in Texas? There were neither refineries nor pipelines down there. It wasn't an especially tempting thing except to men like Guffey and his partner, John Galey. For years Guffey and Galey had been associated in drilling operations and when Lucas had talked to Galey, they were ready to wildcat again.

So Guffey and Galey came to the Mellon bank and arranged a credit of \$300,000. Any time John Galey was convinced that there was oil some place it was worth a chance. I have forgotten the details of that transaction; but A.W. and Dick probably were to get back their money and a profit by an arrangement that gave them half of any oil until the loan was paid. The large amount of money needed was to be used to set up a new rotary drill.

John Galey picked the place where they were to do the drilling that time. His amazing power to scent a hidden pool of oil underground transcended the power of other men with or without the benefit of a geologist's education. Late in October of 1900 the new drill began turning at the spot John Galey had picked. Day after day it went down through sand, clay, hard rock and soft rock. When they were more than a thousand feet down, on January 10, 1901, the well came in—and it was like no other previous well.

The first sign was a fizzing and whistling. Gas! As if some

giant creature down below had been aroused, suddenly the derrick began going up into the sky and not just the derrick, but all the heavy pipe casing that had been sinking into the earth week after week. In a matter of seconds it rose out of the ground. A full 700 feet of pipe was blown out of the hole and high into the sky. Oil-drenched machinery was scattered all over the place.

Yet even before men had time to think of dodging the pieces of iron raining down, the terrific jet of gas on which the machinery had ridden began to bear something else into the sky. Oil! That ghostly, almost invisible, spray suddenly became a solid column of rusty black. Probably no steam engine on earth was as powerful as that natural engine created by the pressure of a subterranean reservoir of gas. As long as the gas lasted, the oil was destined to come out of the ground in undiminished volume. While it was roaring, it was unrelenting fury, and the roar of its jetting high in the open air could be heard at least a mile away.

The estimates of its volume varied, but my judgment is that it never failed to blow off a full 40,000 barrels a day as long as it was a fountain. For sheer wealth to boil up out of the ground that way was like a fairy story come true.

Colonel Guffey was transformed. He had become another Aladdin. Wherever people heard about this well, they heard about Guffey as Nature's favored son. Actually, there were many richer men, but where in the world could one see a man visibly being made richer instant by instant in such spectacular fashion? However, the legend is that when the first telegram from Lucas came to Guffey in his Pittsburgh home, he quietly went to bed. Legend, indeed! My guess is that he never slept a wink that night. Who would?

Colonel Guffey, whether he was in Pittsburgh or New York, never went unremarked because he always wore a wide-brimmed, black felt hat. His Prince Albert coat was no more appropriate to the climate of Texas than his big flat-brimmed felt hat in Pittsburgh, but his fashion in trousers was convenient in rough oil country. By design there was no more crease in them than in a couple of lengths of stove pipe. His waistcoats were dazzling. Hardboiled shirts were common in that time, and the Colonel was a dandy, so his shirts were handmade, pleated things, with wide lay-down collars. All this splendor he embellished with a Windsor tie. Moreover, under his big hat, the Colonel wore almost as much hair as Buffalo Bill, and it was snowy white and curly. His eyes were blue and he had a baby's complexion and delicate features. The Colonel's showmanship served him at national conventions of the Democratic party, which he often attended as a committeeman from Pennsylvania. He could be picked out of the crowd just as quickly as the important Democrats from other places, as quickly, even, as William Jennings Bryan.

There was no doubt about one thing though: under that black hat there was a lot of shrewdness and under the waistcoat a kind heart. As early as the seventies, Guffey had been trading in coal lands and gas and oil. The best appraisal of his standing prior to Spindletop is a letter that A.W. wrote on March 12, 1891, to a bank in Philadelphia, to which he was recommending Guffey for a loan of \$75,000. "Mr. Guffey is in good standing in the oil business and, we judge, worth four to five hundred thousand dollars." So Guffey had made money without ever really acquiring practice as a custodian of money. He was not an able manager.

For a while after that first well, Lucas No. 1, came in, Colonel Guffey was in the situation of a man who plays a slot machine and hits the jackpot, but has no derby hat in which to catch the coins. Lucas No. 1 came in at the rate of 40,000 barrels a day so that probably not less than 400,000 barrels had been spewed out on the ground before that gigantic spouting was capped on the tenth day. Then Lucas No. 2 came in as a gusher; and the third well they drilled at Spindletop likewise was a gusher. But when they were catching all this oil in earthwork reservoirs for lack of tanks, there were no eager buyers for the oil. Remember, there were no refineries in Texas and no pipelines!

However, Colonel Guffey had no difficulty borrowing all the money he wanted for building a pipeline to the coast, as well as storage tanks and stills to do a primitive kind of refining.

Although Lucas No. 2 had come in in January, 1901, Colonel Guffey himself never saw Beaumont until the following May, when important things were happening to him. He was being transformed then into President Guffey of the Guffey Petroleum Company, and with all that oil gushing out of the ground, it looked to some people as if Guffey might be expanded into something like John D. Rockefeller. That is, it might have looked that way to people who didn't know the oil business.

All through January, February, March and April 1901, Guffey had spent hours and hours trying to persuade a reluctant A.W. to help him start a company. There was no disposition whatever among the Mellons to get back into the oil business. We had no sort of organization for an oil company, nor any machinery. We were out of oil and meant to stay out. But

Colonel Guffey had to have some kind of company to handle his phenomenon. So finally A.W., after much persuasion from Guffey, whom he really liked, organized a syndicate among his friends. The syndicate agreed to become stockholders in a company to take over Guffey's existing Texas assets, with Guffey as President.

Nobody could be sure that the syndicate was going to get anything resembling a bargain for its money. A.W.'s closest friend, Henry Clay Frick, just about as astute a man of business as you could have found, attended some of the early meetings of the syndicate, but declined to participate in the underwriting. He didn't like Guffey any more than I did.

All those in the syndicate were friends of A.W. and Dick. Among them were Judge James H. Reed, a leading lawyer of Pittsburgh; William Flinn, a contractor powerful in politics; J. D. Callery, who had been my rival in the traction field; T. H. Given, a Pittsburgh capitalist; Joshua Rhodes; and one other. The total amount subscribed by the syndicate was \$1,500,000, and of this amount \$600,000 had been put up by the Mellon brothers; \$150,000 each by the others.

The syndicate's company then had \$1,500,000 in its treasury as it began its existence under the laws of Texas with a capital stock of \$15,000,000, represented by 150,000 treasury; 50,000 were divided among the subscribers according to their subscriptions on the basis of \$30 a share and the rest of the stock, 70,000 shares or seven-fifteenths of the total to Colonel Guffey as a part payment for his contribution to the company.

For that million and a half Colonel Guffey had undertaken to turn over to the company title to Spindletop, all the leases and pipelines, tanks and other physical property that was

jointly owned by Guffey, John Galey and Lucas, in a ratio of respectively, five-eighths, one-quarter and one-eighth. A.W. personally completed the negotiation with Lucas whereby he received \$400,000 for his one-eighth interest. It was originally understood that John Galey was to get \$750,000 for his portion and Colonel Guffey the balance of the cash. However, Colonel Guffey made that trade himself and persuaded Galey to take less cash—\$366,000—plus some securities the Colonel had on hand. This left the Colonel with \$634,000 cash and just short of half ownership of the whole business. Within a short while, the syndicate members whose stock had cost them \$30 a share began to feel happy about it when, at the rate of \$66 a share, the 30,000 shares in the treasury were sold to a group of newly-minted Pittsburgh millionaires for a total of \$1,980,000.

Spindletop had come in during a fantastic era in Pittsburgh when millionaires were made in extraordinary numbers. Among those abruptly enriched were many who had no real understanding of how to build a fortune or how to take care of one. Many of these men were rich largely because of the profit-sharing plan established long before by Andrew Carnegie in his steel business. In sharing the profits Carnegie had not shared cash but had set earnings aside as payments on shares of stock in the business. Consequently, an auditor would get so much each year, the head of the sales department so much and so on throughout the ramified structure of the business.

When Carnegie sold out his business to the United States Steel Corporation, under an arrangement devised by the Morgans, these men all suddenly found themselves with dazzling amounts of cash. There was one bookkeeper in the

Carnegie steel business who received \$1,900,000—far and away beyond anything he had ever dreamed of having when he went to work for Carnegie. There was also a Scotchman named Peacock who had been in charge of linens in a New York department store. Mrs. Carnegie recommended him to her husband. He went to work for the steel company in its sales department and moved up and up. Eventually he was worth \$14,000,000, but he died without a cent.

Some of the better known steel men like William E. Corey and Charles M. Schwab had really vast sums—not stock, but money—and they were all eager to invest it. Some became wild speculators; a few wasted all their money; a few others turned out to be excellent custodians of money.

Naturally, Spindletop appealed to many of these men as a heaven-sent opportunity. Among these were Charles M. Schwab, Lawrence Phipps, James Galey, Thomas Morrison, Millard Hunsaker, T. F. Lovejoy, A. R. Peacock, W. W. Blackburn, and D. M. Clemson.

With almost \$2,000,000 in cash, the Guffey Company started work on a modern refinery. Some tankers were bought and, among other things, that sugar refinery site that I first looked at in New Orleans. A.W. had reviewed the whole thing with me thoroughly when the Guffey Petroleum Company was selling its treasury stock. At \$66 a share I had again the opportunity to come in, but I still had no liking for it. At the time I was too much concerned with getting out of the street car business.

In November, 1901, a separate corporation called the Gulf Refining Company was organized. The same men who owned the Guffey Company owned the stock of this one. A new refinery was being constructed at Port Arthur, Texas, to

replace two experimental stills which had been built to cope with this strange Texas oil.

People who haven't thought deeply about it might suppose that, as long as these great Texas wells gushed oil, Guffey would have no problems. But problems piled up on him and each problem offered him the chance to make a wise decision or a foolish one. As soon as the decision was made to try something better than those three "cheesebox" stills and to get a modern refinery, again the company needed more cash. Guffey was obliged to borrow against the oil, and, in June, 1902, when his wells had been flowing about a year and a half, A.W. and Dick arranged to handle a bond issue for his company. By this time Guffey's plans for the company added up to a need for millions in cash.

A.W. and the directors authorized an issue of \$5,000,000 worth of bonds so as to give the company more working capital. One million of that bond issue was left in the treasury and four million were sold. A.W. and Dick made a personal investment of \$2,500,000 in the bonds of the Guffey Company, and the Old Colony Trust Company of Boston subscribed the other \$1,500,000. I cannot emphasize enough that, although they were willing to lend money against oil as security, neither Andrew nor Dick Mellon wanted to get back in the oil business.

Shortly after Lucas No. 1 came in and was the marvel of the time, Dick Mellon who frequently visited his friend Newton Eustis in New Orleans, had his private car hooked on to a Southern Pacific train and went over to Beaumont. In a letter at that time he again expressed the opinion that Spindletop was not for the Mellons. The relationship with Guffey continued to be a banking connection. However, when I re-

turned from Texas and made my report, it became clear that we could never hope to get back our money under the management of Guffey. Something had to be done.

Our first act was to go to New York. A.W. and I planned to have a meeting there with H. H. Rogers and John D. Archbold of the Standard Oil Company. These Standard people were Guffey's friends. In times past one of the reasons I had shied away from Guffey was that he would cheerfully do me a bit of harm any time he could do the Standard Oil some good. That was the kind of bird he was, in my eyes.

We had had several talks with those Standard Oil men before A.W. and I went East to get their decision. The final talk was in the old Holland House on Fifth Avenue at Thirtieth Street in New York. At that time it was the foremost rendezvous of the prominent men of the steel industry. Frick and his associates always stayed there and we did too.

We went from our train to the men's grill there at the Holland House. Old Joe, the head waiter, whenever he saw us never bothered to offer a breakfast menu; he just got busy. As we ate, a bellboy brought us a note informing us that Mr. Rogers was in a room upstairs. So we finished our breakfast and went up to hear the verdict.

We had explained to the Standard Oil men that, with \$12,000,000 or possibly \$15,000,000, the Guffey Company could be made into a valuable property, on a sound operating basis.

"We're out," said Mr. Rogers. "Standard won't touch this. After the way Mr. Rockefeller has been treated by the State of Texas, he'll never put another dime in Texas."


A.W. and I looked at each other. Under the circumstances, because of our friendship with these people and having sold

out to them, we were hesitant about our next move. As if divining what was in our minds, Mr. Rogers spoke up again.

“Well, it’s all right. We can’t do anything about it, so you’ll just have to do the best you can with it yourselves. We wish you well.” He held up his hand in a limp gesture of friendly mockery, as if he were, as an older man, giving us his blessing. I think both he and Mr. Archbold, who also was present, were a little amused by our situation.

We could smile with them then because our hands had been untied. We could act. Of course, we understood Mr. Rockefeller’s feeling. He had been indicted on the charge of monopolizing the oil distributing business in Texas. The Waters-Pierce Oil Company had been doing a very profitable business in Texas and other states and Mr. Rockefeller’s company owned controlling stock in it. There was no doubt whatever about his feeling outraged by the prosecution.

After a few more days at the Holland House A.W. and I returned to Pittsburgh.



CHAPTER XXVII

Guffey And Gulf

From that point on it was up to me and I was eager to get started. I liked the oil business. The work obliged me to spend rather more time out of doors than in an office but even more than this I liked the excitement of a treasure hunting business.

After I had devoted some further weeks to the J. M. Guffey Petroleum Company I concluded that there was more oil there even if the wells had ceased to flow. Nature never does anything halfway and that gushing of oil had been caused by gas pressures on a subterranean pool. The fact that the wells had stopped flowing simply meant that the gas pressure had subsided, but there was still a lot of oil underground. But the rest of what Guffey had bought and built with the money he had poured out made little sense to me. It was apparent that the enterprise lacked management.

The next moves the directors made were, first, to cancel a contract with the man whom they had put in charge down there and then to elect me vice-president in charge of the management. So I went back to Texas and commenced to change the officers.

From the beginning, Colonel Guffey had never regarded the investigation or the changes with a friendly eye and there had long been a coldness between us. But that lack of warmth had nothing whatever to do with this situation. A.W. and

Dick never were men to temporize when they faced a situation that called for action, and this one certainly did call for action. They were confronting the loss not merely of their money, but of the money of another banking institution and of various individuals who had invested on their recommendation. Nobody would give them any praise for waiting if they had waited until it was too late and then acted. They acted in time!

I was well suited by the new arrangement. The Standard Oil Company at that time was the only oil company of major importance in existence, but it was not primarily a producing company. In fact, except in California, it had relatively little production of its own and had never made it a general policy to own or control production in a large way because it was practically the sole buyer of crude oil.

Consequently, every wild-catter, every lease-buyer, every owner of a producing well, was, in effect, a part of the Standard Oil Company's production department. Whatever price was posted by the Standard Oil Company at the well-head was the price the producer got for his crude. Standard made the price.

In saying this I do not mean to imply that the company took unfair advantage of the producers whose oil it bought. As a matter of fact, the producers who traded with the Standard Oil Company did very well, although some of them grumbled. Nevertheless, those producers were at the mercy of this company, which had a complete pipeline system. Normally this was extended to any new field brought into production. Texas had been a significant exception. So it was to be expected that, as other fields were discovered and devel-

oped, Standard's pipelines would be extended to these new fields.

This prospect did not leave much excuse for anybody to think he could operate an oil business on a big scale in competition with Standard if he tried to operate in the same way as Standard. I concluded that the way to compete was to develop an integrated business which would first of all produce oil. Production, I saw, *had* to be the foundation of such a business. That was clearly the only way for a company which proposed to operate without saying "by your leave" to anybody.

For a long time thinking on this subject had been limited because "petroleum" and "Pennsylvania" had been synonymous. Actually, it was not until after that period when I first got into the business that Pennsylvania's wild-catters began to scatter out into other states. Then year by year during the nineties fields had been brought in elsewhere: in Ohio, West Virginia, Kansas, Wyoming, Kentucky, Illinois. Moreover, the Russians were producing oil. In Europe petroleum was commonly called "Russian oil."

When I began to make a detailed examination of the Guffey Oil Company's land and leases, I saw that an awful lot of chances for mistakes would confront anyone who set out to create a great oil-producing company. The Guffey Company had enough land for a small kingdom. Its \$15,000,000 of capital stock had seemed reasonable enough at the time of organization, when the company was acquiring upwards of 1,000,000 acres, but in a short time it had been clear that the field was really quite small. Actually 90 percent of the Spindletop production came from no more than 100 acres. Furthermore, after the wells stopped flowing, there had been

years of pumping during which it was assumed—with sound reasons—that the field was about done. The fact was that deeper down there was far more oil than we had ever seen. But that discovery came later.

The Guffey Company had thousands of Texas acres, but the buying had been done in a haphazard way and probably on “hunches.” Some of that acreage was good, by which I mean that there was oil under it; but nobody in the Guffey Company had ever found out what was good and what was bad. Even Spindletop had been badly handled. Having drilled the initial well, the Company could have owned it all, but it neglected to buy obviously important tracts. So other people had bought and drilled. Scores and scores of them drilled wells and sucked oil out of that pool, just like children with straws clustered around a single ice cream soda.

Worse than this for me was the fact that the titles to the Guffey Petroleum Company land were keeping us involved in litigation. We had tremendous lawsuits about titles. Altogether, it was just about the most botched-up thing I had ever seen.

There were numerous problems. The oil itself, as we captured it, represented an unsolved problem. What Guffey had put up down there near Port Arthur was a refinery suited for Pennsylvania oil. But Texas oil was like nothing else that had been found in the world up to that time.

Spindletop oil had an asphalt base and it was heavily impregnated with sulphur. I didn't try to find somebody who knew all about Texas oil because there wasn't any such person. I wanted somebody who knew the refining business; a competent man who wouldn't cheat me. The Atlantic Refining Company of Philadelphia, a subsidiary of Standard

Oil, had several first-class men whom I knew to be dissatisfied with their employment.

One was George H. Taber, who had come into Standard as a protégé of Henry H. Rogers. Taber was a New Englander whose family for generations had been in the whale oil business. He was a self-educated chemist who was considered a first class oil refiner and who had managed the Atlantic Refining Company's big Philadelphia refinery. So I got him. Like so many hard working people devoted to some special line, Taber was crotchety and irritable if he was approached on his blind side. But the choice of this man to take charge of our refinery proved to be a ten-strike for the manufacturing side of the business. Taber had a following; and when he came to us, a lot of key people were happy to come with him.

It was like that when I brought George Craig from Pennsylvania to Texas, to take charge of all pipelines and pipeline construction. I knew that he could be trusted and I knew that he could handle the pipelines. One of the highly competent people whom he brought in was John H. Fisher, another Pennsylvania oil man. Fisher was put in charge of production. Later when Mr. Craig resigned, Mr. Fisher was given charge of pipelines also.

Of course, production had been the primary problem that brought me to Texas originally. When those wells ceased to flow it was because the gas pressure was gone. So the next thing to do was to put pumps to work.

Then the main problem was to translate crude petroleum into money. We were strong on gas oil. We had an abundance of that and began to turn it into money after we made some contracts with the United Gas Improvement Company of Philadelphia.

Another problem inherited from Colonel Guffey was a long-term contract he had negotiated with a foreign firm. He had become acquainted in London with the heads of a trading company who knew a lot more about trading than he did. He undertook to coax them into the oil business at the time when a succession of enormous 100,000-barrel wells were coming in. It must have looked then as if the stuff wouldn't be worth over 10 cents a barrel; and, probably, Colonel Guffey was elated when he made a contract with those new friends of his to sell them oil at the wells at 20 cents a barrel. Under the agreement, they were to get a very large part of the production for 20 years at that low price. Twenty years! The world was going to change a lot in 20 years. Even before that contract was two years old it was obvious to me that it could choke the business to death as a vine can strangle a great forest tree.

That contract was with the Shell Transport and Trading Company; it was about their first venture into oil. The major part of their business then was trading in the Far East, and the No. 1 commodity in which they traded was seashells. They built up quite a business in pearl shell and benefited richly through a fad or a fashion for furniture inlaid with mother-of-pearl—tables and tabourets particularly. A whole lot of babies in those days were born in shell bedsteads and had their eyes dazzled for the first time by the glint of mother-of-pearl. Later on, the Shell Transport and Trading Company consolidated with the Royal Dutch Company and became one of the foremost oil companies of the world.

The Shell people had built four or five tank ships for the sole purpose of carrying Guffey oil to Europe. When they had put their money in the tankers, they were more than ever

anxious to receive our oil. However it was simply impossible for us to go on delivering oil to the Shell people at the price of 20 cents a barrel. It would break a government to sell oil at such a price. A.W. was going abroad that year and he agreed to meet the Shell people and discuss the contract.

The result of the meeting was a settlement of the contract. We agreed to give the Shell Company a certain amount of oil, at the price which had been arranged for a period of six months; or, possibly, a year. The Shell people knew, as we did, that we couldn't go on with the original contract. This had been one of the worst situations facing our company; it was clearly one which, if it had been allowed to run on, would have led inevitably to bankruptcy. A curious thing about this was that the transaction just described was the beginning of the Shell Company's oil ventures; and it was likewise really the beginning of what became the Gulf Oil Company.

With the Shell contract set aside, we were free to grow. However we knew we would grow only if we did a lot of sound selling. I searched far and wide for a good salesman and looked over a lot of candidates before I got a man from Cincinnati who had been highly recommended to me. He was Gale R. Nutty. He had had no experience in selling oil, but had been a prominent figure in the sales department of the National Lead Company. With Mr. Taber and Mr. Nutty, our organization clearly had acquired strong members.

Any time one makes a decision there is the chance to make a good one or a bad one; and the J. M. Guffey Petroleum Company, which I can fairly describe as being in just about as bad a situation as I had ever seen, had been muddled by some bad decisions previously made and acted on. There

were unending problems; and often, problems after they had been dealt with, had not been solved.

I don't want to belabor the point; but it seems necessary to explain here, because business and the whole scheme of generating wealth is so commonly misunderstood. I feel under some obligation to show that there in Texas, when I took over the management, we had just as much opportunity to lose money as to make it. Indeed, in the beginning, the losing chances really seemed to outweigh the winning chances because there was nothing like the great market for petroleum products then that there is today.

The oil had ceased to flow and there was \$5,000,000 sunk there. No wonder A.W. was worried, for some of that money belonged to other people, who had confidence in him. We could get the oil up by pumping, and all our machinery, brains and efforts had to be directed to getting that oil up. For only when we would get more money from that crude oil than we had put into it would we be able to pay back the investors. I was down there for the sole purpose of getting that money back for the stockholders, the Old Colony Trust Company and Dick and A.W. Mellon. There was only one solution: good management, hard work and crude oil. In all my thinking and the thinking of my associates, it was clearly understood that crude oil was what we were after.

There cannot be two managers of one company; but the president of the Guffey Petroleum Company was not always realistic about his situation. Consequently, in my position as the executive vice-president in charge of management, I was obliged at times to be quite arbitrary with him. It is very hard for me to be patient with incompetents. Furthermore, the competent people who had been invited into the business

by me certainly couldn't be expected to tolerate interference with their departments. Somebody had to sail this ship and I was down there to be the sailing master.

By the beginning of 1905 our Company had emerged from most of its difficulties and was making some progress. That was precisely the way A.W. estimated its condition in a letter written May 24, 1905 to one of the stockholders, Charles M. Schwab. It is interesting so long afterward to see just how the embryo of the great Gulf Oil Company appeared 40 years ago to one of those importantly concerned with its creation and who was looking at it objectively. When the concern which had grown out of Spindletop was four years old A.W. wrote as follows to Schwab:

“As perhaps you know, the company had a considerable amount of unfavorable experience in its early development; it has grown out of most of its difficulties and in the past year or more has been making fairly satisfactory progress. However, the conditions surrounding the oil business in Texas make requirements for very large amounts of capital, and the Guffey Company has suffered to some extent on this account; it is now carrying comparatively a large amount of indebtedness, and in order properly to maintain and develop the property and business, it will be necessary to continue in this condition for a long time.

“At the present time the oil business is in a very depressed condition and prices are showing a lower margin for profit than has been the case for years. The production of oil in Texas is large and prices consequently low; prices of the manufactured product are also extremely low. The Company has a production of about fifteen thousand barrels a day of its own and has been able to keep up the volume of its pro-

duction, but prices being low and costs comparatively high, there is not much room for profit.

“The net result for the past year of the J. M. Guffey Petroleum Company, after deducting all interest on debt and liberal depreciation charges, was \$457,406.01, and for the Gulf Refining Company \$255,598.40. . . . There is promise for the future, but no possibility of returns to shareholders for a long time to come. There has been no market for either the stock or bonds and no transactions in them to my knowledge for many months. As to their present value, it is difficult to give any fair idea: conditions surrounding the business are continually changing, sometimes the business looks very promising and, at other times, discouraging. I consider the bonds, of course, perfectly safe in every respect, but the value of the stock is entirely speculative.”

Again it seems pertinent to point out that the bonds of the company represented two and a half million dollars loaned to the company by A.W. and Dick Mellon and another million and a half loaned by the Old Colony Trust Co. That was still the major concern of the Mellons. I myself regarded the stock as speculative. That would be my word for it now, thinking back on it, because its large investment in pipelines and tankage would certainly have been practically valueless if the supply of oil of the Guffey Company had become exhausted. There was no guarantee that that supply would not be exhausted unless pipelines were extended vast distances to some newly found fields. Unless it got access to new and greater supplies of better oil, the Guffey Company sooner or later was going to run into trouble. There could be no guarantee that more oil would be found anywhere within reasonable distance.

Then, in that same year in which A.W. gave his estimate of the Guffey Company's situation to Charles M. Schwab, there was another great petroleum discovery, this time up in Indian Territory near a little place called Tulsa, and, as the birds fly, about 550 miles north of our refinery at Port Arthur.

Events up there in northern Oklahoma about 20 miles south of Tulsa, put even Spindletop's performance in the shade. The most wonderful aspect of it, in our opinion, were the reports, quickly substantiated, that this Indian Territory oil had properties similar to Pennsylvania oil. If it could be refined into the same nicely burning kerosene that we got from Pennsylvania oil, it was just what we needed. But we also found that this product had another quality which was beginning to interest us sharply.

This Indian Territory petroleum apparently was potentially rich with gasoline. I had sold gasoline as early as 1892 to a Mr. Addicks in Boston, who ran the Boston Gas Light Company, and he had paid me two cents a gallon for it. In 1892 I had congratulated myself on having found a market for the stuff. Most refineries at seaboard simply got rid of this troublesome waste by burning it for fuel.

But, by 1905, there was a real market for gasoline in France owing to the development of the automobile industry; and, in our own country, there were already Buicks, Cadillacs, curved dash Oldsmobiles, Conrads, Haynes-Ap-
persons—to say nothing of Fords. However, the term, “mass production” at that time was heard rarely, if at all. Nevertheless, there was a growing market for gasoline.

Today, we are just as much interested in the future of butadiene as we then were in the future of gasoline as a petroleum

product. I have no doubt that in years to come petroleum will be discovered to contain possibly numerous products quite as important, for a variety of reasons, as these others.

I can't say that the finding of oil in Oklahoma surprised anybody in the business; the territory had long been just like a magnet to the wild-catters because it was new and untried. Of course, the mid-continent field had started developing ten years before this time; and, as added proof that I do not exaggerate when I say that John Galey was the greatest of all oil prospectors, he was the one—and he was in partnership with Guffey at the time—who, in 1895, had brought in wells at Neeodesha, Kansas. But, during the next ten years, not much had happened. Galey had been out there many times and sometimes had gone with Mellon money. But, when that well came in not far from Tulsa, the whole petroleum industry took on a different complexion. It was a case of oil being found of marketable Pennsylvania quality in Texas quantities.

I hopefully sent several representatives to investigate this new Pool—the Glenn Pool. I say hopefully because that Texas oil of ours was such a headache. We didn't seem to be able to refine it at that time so as to get a kerosene that would burn in lamps without smoking and we couldn't get gasoline out of it either with the knowledge that we then had. However, everything that was unsatisfactory about the Texas oil intensified our eagerness to get a share of this Oklahoma product.

The quality of that Oklahoma oil was what made it so tempting. But it certainly was not tempting to invest four or five million dollars more in the Guffey Company. If we were going to do anything, however, we would have to do it

quickly, because Standard had reached out with a pipeline and hooked on to this new field. There were also a few local refineries.

Tulsa was muddier in that time than Beaumont had been in earlier years. It was just an ugly, hard-boiled frontier town. Its one street was a mud wallow, a single street of drinking and gambling places. The Standard Oil Company was already operating there with a subsidiary called the Prairie Oil and Gas Company; and this Indian Territory oil was being conveyed to Independence, Kansas, and from there to Whiting, Indiana, where it was tied in with the Standard's great network of pipelines. I had no doubt whatever about our power or our ability to step in there and get a lot of Oklahoma oil for our refinery at Port Arthur. When we added it up, we got a minimum figure of \$5,000,000 required, as new investment. As a matter of fact, a bigger investment seemed necessary.

I had been convinced for considerably more than a year that the surest answer to all the problems of the J. M. Guffey Petroleum Company and the Gulf Refining Company was a reorganization. The Gulf Refining Company was the principal purchaser from the Guffey Company, taking 12,000 barrels of crude oil daily. That amount was required for the economical operation of the refinery. But even if the Gulf Refining Company could have obtained all the refinable crude oil that was being produced in the whole of Texas at that time, that amount would have been barely sufficient to keep the refinery going.

Actually, it looked at that time when we were preparing to reorganize, as if before long Spindletop would be entirely exhausted. Fortunately for the company, the nearest coal

fields to Texas known at that time, were in the Indian territory; so, as fuel, the oil had a high value. But its high value as fuel made it almost foolish to refine that poor grade of oil. Why refine it when you could sell it as fuel for just about as much as you could get for the products that came from the refinery?

My desire to reorganize was intensified by the fact that our important competitors, and especially Standard, were already buying and refining the richly flowing oil coming from the Kansas and Indian Territory fields. I didn't see how we could go on indefinitely meeting that kind of competition with Texas oil.

Then, besides our pipelines, there was the fleet of tankers. Unless I could get a supply of oil to make cargoes for those ships, they represented a loss because there was no other place for them to operate, if Texas oil gave out, unless we could hitch on to that Oklahoma field. Oklahoma oil would make all the difference between the menace of failure and a brilliant success. In view of all those circumstances, worked out in tables of figures with which no one could argue, A.W. and Dick and I concluded that the one thing necessary for the protection of creditors and stockholders was to go after the oil of the Indian Territory fields.

Naturally A.W. and Dick Mellon had no intention of pouring more money into the J. M. Guffey Petroleum Company unless there was a change of structure, and a change of structure was going to take time. But we couldn't afford to waste a minute in Oklahoma. Consequently, it was determined to form a new company there.

For more than a year before the Oklahoma developments, I had placed in general charge of all of the company's affairs

in Texas and in Louisiana an able man, C. H. Markham, later president of the Illinois Central Railroad. Early in 1905, I had gone to Houston to have a talk with Markham, then vice president in charge of the Atlantic system of the Southern Pacific. I had persuaded him to come with us. We all got along well together.

Many of these capable men, whose judgment I trusted, had gone up to look over the Oklahoma oil situation but the man who finally became our agent there was Frank A. Leovy. He had been a subordinate of Mr. Markham in the Southern Pacific organization and I was the man who brought him into the oil business. We had met not long after I took over the management of the J. M. Guffey Petroleum Company. I had arrived at Beaumont accompanied by my wife. As we were planning to go on from Texas to Florida, I went over to the ticket office to check our baggage through to Florida. The ticket agent seemed hopelessly bewildered by the problem I posed. However, there was a man there who seemed to know precisely what was required and in just about no time at all he had my baggage checked through and the checks were in my hands.

This competent railroad man was Frank Leovy. He was then division freight and passenger agent of the Southern Pacific, having been sent to Beaumont as a kind of trouble shooter at the start of the oil boom when there was a dreadful congestion of freight and freight cars there. Mr. Leovy was a native of Louisiana, had been born at Pass Christian and lived much of his life there and in New Orleans. We had been losing a lot of tank cars and needed a man to take charge of tank cars. When this job was offered to Mr. Leovy, he ac-

cepted. Neither he nor I, at that time, had any idea what a great talent he had for the oil business.

When we sent Leovy to Oklahoma his instructions were to form a little company there. He had been devoted to sailing as a sport all his life and his biggest and best boat had been called *The Gypsy*. When he did form the company and asked if he could call it The Gypsy Oil Company after his boat, I agreed.

By hitching up what there was in the two existing companies with a supply of superior crude from the Oklahoma (and eventually from the Kansas fields) we would have laid the foundation for a truly great business. As a matter of fact, we had a market for that Oklahoma crude before the pipeline was laid.

Through the vicissitudes of banking we had found ourselves back in the oil business and, since we were back in it, we were disposed to stay in it. Although Mr. Guffey was opposed to reorganizing the company along the lines proposed by us, he had no means of accomplishing, by any other plan, the expansion dictated by necessity.

Within a few years after Spindletop came in, Guffey owed the Mellon brothers a million dollars of principal and unpaid interest on money borrowed by the two Guffey companies. At the same time he owed much more money to other Pittsburgh banks. Against these new debts he had put up as collateral, with A.W. and Dick, 24,000 shares of his Guffey Petroleum Company stock.

We certainly were not driving a hard bargain in the reorganization. Actually, the change in the set-up proposed was just as advantageous to Guffey as to the other stockholders. Yet, Colonel Guffey was so stubborn in his opposition that

the Gulf Oil Corporation was first organized without the Guffey stock. However, even before the pipeline was finished between Oklahoma and the refinery at Port Arthur, all of his interest in the old Guffey Company and the Old Gulf Refinery had been acquired by the Gulf Oil Corporation.

If only Colonel Guffey could have been persuaded by his own better judgment or the counsel of his friends to go along with the reorganization that was proposed, he would have lived all his days in comfort and died a well-to-do man. However, within nine years from the day that Spindletop came in, Colonel Guffey was in dire distress for money, and for ten years thereafter his business affairs were in the hands of receivers.

Four hundred and fifty miles of pipe line would have to be built to tie our Port Arthur refinery in to the oil coming out of Oklahoma's Glenn Pool. That was really "Indian oil": and the Indians had a champion in Ethan Allen Hitchcock, Secretary of the Interior in the cabinet of President Theodore Roosevelt.

As the immensity of these pools of Oklahoma was disclosed by further drilling, the enterprise I had in mind necessarily was enlarged. If an artist undertakes to paint a landscape and fails to provide himself with enough green paint, his effort is going to fail or at least be long delayed. The kind of green paint we needed for our creative effort was money. In Oklahoma the Indians on whose lands these new wells had been drilled, were getting disappointingly meagre returns simply because of the lack of pipelines to take their oil to market. Secretary Hitchcock was greatly pleased when he learned that the Mellons had decided to invest millions more

in the oil business and would build a pipeline from Oklahoma across Texas to the Gulf Coast.

The Gulf Oil Corporation was organized on February 13, 1907, with \$15,000,000 of authorized capital stock. For the stock of the J. M. Guffey Petroleum Company the new company paid \$2,649,180, and for the stock of the Gulf Refining Company \$763,731. There was \$5,208,000 of bonded and floating indebtedness of the two companies which had to be taken over. Consequently, the total price for the old companies paid by the new company was \$8,620,911. I must say that both A.W. and Dick were in a happier frame of mind, both for themselves and for the Old Colony Trust, after those bonds had been transferred to a company that had a real chance to grow and pay out. Cash amounting to \$6,379,009 was paid into the new company's treasury. This made the total \$15,000,000. With that fresh cash in our treasury we proceeded to build 450 miles of 8 inch pipeline into Oklahoma. This transmutation of credit into cash and cash into a physical extension of the corporation's oil gathering facilities represented immense progress in the development of the Gulf Oil Corporation.

Then came a day when oil from our own well in Glenn Pool near Tulsa, Oklahoma, began to flow through that pipeline to our refinery on the Texas coast. From this point on, and there can be no doubt about it, the Gulf Oil Corporation was to be one of the outstanding pioneers in the discovery and development of oil production east of the Rocky Mountains, to say nothing of other important areas in various parts of the world.

Our purchase of producing properties in that Glenn Pool was an exception to our rule. Really, it was one of a very few

instances in our history where we bought important properties already in production. But, even as we bought those properties, we were also acquiring a large amount of undeveloped acreage in the North Glenn Pool Extension. Later on, this proved to be highly productive.

Thereafter, we extended our operations almost everywhere in the producing areas of Oklahoma and we likewise operated widely in eastern Kansas. We reached into northern Louisiana in the vicinity of Shreveport and became a very large producer of petroleum there. In west Texas, too, Gulf was a pioneer. We leased vast tracts of Texas land; and, at about the same time, we began to take a leading position in the development of oil in New Mexico. I am not attempting to be chronologically exact as to the order in which we entered these various areas. I merely want to establish that, in discovery and development of great fields east of the Rocky Mountains and elsewhere, Gulf Oil Corporation was an outstanding pioneer.

In 1930 I became Chairman of the Board of Gulf Oil Corporation. Then I asked Colonel J. F. Drake, who had been serving us in another enterprise, to come back to Gulf, as president, which he did. My old friend, Frank Leovy, became Vice Chairman of the Board, a position which he held until his resignation this year.

One day not so long ago Mr. Leovy and I were at Harmarville inspecting the laboratories of Gulf Research and Development Company. The establishment is on a site that was once a farm property belonging to me, but now the farm has been transformed. Its carefully tended lawns, flower bordered walks and buildings suggest a college campus. Actually the people employed there might well staff a specialized

college. This subsidiary of Gulf Oil Corporation employs more than a thousand workers, many of whom are scientists and a good half of all these people are wholly concerned with the modernized activities which have evolved out of what was originally my craft of oil prospecting; or, as I might say, treasure seeking. What John Galey used to do with marvelous success, aided as he was by some intuitive gift, and what I myself did with common sense and aggressiveness has been organized under the leadership of Mr. Leovy along scientific lines, so that in our production operations now we make use of instruments that would astonish old John Galey.

On that visit to the laboratory, as we were passing through a series of offices my gaze became fixed on a desk. I exclaimed, "My! That looks familiar!" It was my own old discarded desk. Dr. Paul Foote, the head of our research organization, explained to me that when Gulf Oil Corporation was moving into its new headquarters in Pittsburgh—that towering Gulf Building, of which my cousin, Ed Mellon, was one of the architects—the research laboratory was just beginning to grow. Seeing some old furniture being moved out and learning that it was to be sold off or put into storage, Dr. Foote had appropriated a lot of it for the needs of his own growing staff. By chance one of the things that he had rescued from limbo was this old desk of mine.

I sat down at the desk as I had done for countless days and weeks and months during many years. In its presence I had just such guilty feelings as one might have on finding in the hands of others a forgotten pet horse. So that Dr. Foote would understand my feeling and behavior, I said:

"Why, you might say Gulf Oil Corporation came right out of this desk."

Leovy and I patted it with our hands and then, tilted back in swivel chairs, started to talk about old times. Before we knew it, the past seemed to come alive. The two of us remembered so much that in trying to match up our recollections we forgot the original purpose of our visit to the laboratories and instead, just remained there visiting with my old desk and our shared past.

Business men who have been blessed with success rarely talk about their work with much effectiveness; and I am no exception. I believe the inhibiting factor to be the seeming hopelessness of making most people comprehend. But any time I can talk shop with such an old friend as Mr. Leovy, we understand each other perfectly and then such a hum-drum piece of furniture as an old office desk takes on the power of a magic carpet and carries us backward in time anywhere we wish to go.

Curiously enough, however, old as I am, I generally prefer to look forward and dream about the future. I realize that the greatest adventuring is still to come. Indeed, at my time of life my regret is that I am going to miss the fine excitement reserved for those who will live after me. This is so because in the future the principal function of business, which is the creation of wealth, will be carried on with instruments devised not by artisans but by scientists. Gulf Oil uses such machines today.

One is the gravimeter, a marvelously delicate instrument devised to assist our geologists in locating new oil fields. Work on the development of this instrument began in 1932, at the very nadir of the depression. At Harmarville they

worked several years on that project and spent many thousands of dollars before evolving something looking like a part of the baggage of Buck Rogers. This machine is an aluminum cylinder as thick through as an elephant's hind leg, and it is mounted on three casted feet. The glass covered top end of the cylinder covers a dial. Actually it is a scale so sensitive that it can detect a difference in weight of one part in a hundred million. With this instrument men less gifted than John Galey become as potent as he was in the incessant hunt for oil.

We call this machine a gravimeter and in its works is a spring supporting a weight. All of us as we go about, upstairs and down, are subject to the most delicate changes in the operation of the law of gravity. Gravity, as it happens, operates with less force when you are upstairs than when you are down. At noon on the day of the full moon any one of us weighs three parts in ten million less than we do twelve hours later. Mathematicians had been able to figure that out long before they were able to invent a machine to register such slight difference in weight, which is to say, differences in gravitational "pull." This gravimeter of ours, then, basically is a spring with a weight. When the force of gravity increases, the spring elongates as the weight at the lower end responds to the attraction of the earth's mass, but the elongation of the spring is less than the diameter of the finest cobweb. The problem of the inventors as they worked on this machine was to devise some way of detecting infinitesimal changes recorded on the scale. They finally accomplished their purpose by converting the pull of the spring into a rotary motion, then magnifying this with a system of lenses and mirrors so that an ultra microscopic movement becomes

visible to the naked eye. Thus they succeeded in creating a practical mechanism for detecting what previously had been inscrutable.

The farther one goes from the center of the earth the less one weighs, but a further part of this phenomenon, and equally valid, is the fact that any object weighs less when passing over rocks of low density than when it is above what might be called rocks of normal weight. Many oil fields, particularly in coastal Texas and Louisiana, are found above, or very close to mountainous masses of rock salt. Rock salt is of lower density than the sediments. In consequence any object, a human being, a machine or a lump of lead, weighs less over these salt deposits.

We chose our concession in Kuwait near the Persian Gulf where we had already drilled a few test wells, as the first real test of this machine, possibly with a modicum of extra excitement because that is such a storehouse of tales of magic.

The party that set out from our Harmarville Laboratory was a big one and they were provided not only with a new gravimeter but also with that other tool developed earlier by geophysicists, the seismograph. The party was headed by Doctor Engelhardt Augustus Eckhardt, who himself had been a pioneer in the development of the seismograph and had later become vice-president of the Gulf Research and Development Company.

The expedition was to acquire additional information as to the geological formation of our Kuwait concession which we owned jointly with the Anglo-Iranian Oil Company which is controlled by the British Government.

Kuwait contains one of the greatest oil fields known to

man. The Kuwait oil represents an addition to the wealth of humanity of enormous value. In consequence all those fellows who were saying that there wasn't enough oil left to last more than five years now have red faces.

One of the most eminent geologists who has examined this area said that, taking into consideration the formations, it would be reasonable to expect the wells would flow for 190 years.

Anyway, long before the world rolls through two more centuries we shall have learned how to convert gas, coal and shale into petroleum. Indeed, we dare suppose that long before the wells of Kuwait cease to flow men may be able to derive atomic energy from petroleum. I daresay that in that time a car will go much farther on a gallon of gas.

The importance of scientific tools to oil prospecting must be measured in the light of the fact that up to 65 per cent of the total tonnage of overseas shipping for the prosecution of the war consisted of petroleum products. In other words, 65 out of every 100 tons of our exported fighting power came out of oil wells. I shan't attempt to describe Gulf's part in the war except to say that as one of the great producing companies in the world, Gulf necessarily was one of the important factors in the conduct and winning of the war.

We can say of ourselves as a people as you sometimes say of an individual that we don't know our own strength, and we can say with equal truth that our people generally seem not to understand how much of their strength as a nation flows from our most effective industrial corporations. These organizations, which are so devised as to enable thousands, tens of thousands, or even hundreds of thousands of individuals, to have wholesome, satisfying careers and to perform

gigantic tasks, have transformed our nation into one unlike any the world has ever seen.

Newspapers published in early 1945 a statement showing what General Motors Corporation had produced in the shape of armament since the start of the defense program in 1940. The figures were stupendous as to shells, cannon, machine guns, carbines, airplane engines, complete bombers and fighter planes, tanks, destroyers, armored cars and trucks, including amphibious "ducks".

But the most impressive thing for me in that list of staggering totals was the statement that a major part of all the Diesel engines produced for the United States for use on land or sea had been made by this one corporation. Were we to subtract that single contribution of Diesel engines from the total of the national effort, I dare say that our victory in the war would have been infinitely more difficult.

The point I want to make is that all through my years in business the best American industrial corporations have been developing into something I regard as irreplaceable for a free people determined to remain free.

Now it may be trite to ask what makes our battleships go, what makes our airplanes fly, what drives our landing craft, our tanks and tank destroyers, and what power was it that carried all of the cargoes of lend-lease around the earth? Yet I dare ask because so few realize that the answer is oil.

It would be presumptuous, indeed false, for any man to say that the developments and the progress that came from oil were foreseen by the men who pioneered in the oil business. I for one, foresaw only a little of it and I know of no one who has any excuse to say that he saw more than a little.

Sometimes when I am fishing in the brilliant Florida sun-

shine or up in Canada, I look back to that first day when as a young boy, I started out eagerly in search of oil. It was—as man measures time—a long time ago. I like to think of that youth, standing there, watching and envying those older, experienced men, drilling deep, always deeper, into the earth's resources.

The boat bobs back and forth and perhaps I land a fish—perhaps even a big one. But no catch no matter how spectacular, can possibly bring me the pleasure that I experienced when I landed the first oil lease. Down in Florida I may seem remote from the transactions of the Gulf Oil Company. But such is not the case. For, just as in my personal life there was only one love, in my business life I am now and always have been an oil man. Ever since 1907 I have been a director of the Gulf Oil Corporation, serving also as Executive Vice President, then President, and now I am Chairman of the Board. To me Gulf Oil is much more than business. It is romance, struggle, hard work and excitement. In short, it is my life.

But the most important factor of Gulf Oil to me has always been the people who made it. Outstanding among many I would like to mention are Frederick C. Proctor who was first Counsel and then General Counsel until his retirement in 1919, and Hugh Lamar Stone. Mr. Stone, at the time of his retirement in 1945 was Executive Vice President, General Counsel and member of the Board of Directors. To me everyone in that company is a friend and an ally. When I go to the office of Gulf Oil I am swept by a deep regret that I am not starting again with them. They speak a language I love and understand.



CHAPTER XXVIII

Steel Structures

Pittsburgh and steel were synonymous all over the world before the Mellons took any really important steps toward getting into the steel business. As it happened, they began in a relatively small way, although they would have liked, under favorable circumstances, to buy into the gigantic enterprise of Andrew Carnegie at the time he was first disposed to sell out.

In 1899 Mr. Carnegie was occupied with a number of plans for getting out of business. At that time Henry Clay Frick, who had been running the Carnegie business, tried to arrange to let A. W. and Dick into a syndicate that was then negotiating for the purchase of the Carnegie Steel Company. This syndicate was headed by Judge William H. Moore of Chicago. But as things turned out, the Mellon brothers had been obliged to give up hope of joining the syndicate even before those negotiations fell through. The syndicate had offered to purchase Mr. Carnegie's majority holdings in both the Carnegie Steel Company and the H. C. Frick Coke Company at a price of \$157,150,000, which was acceptable, supposedly, to Mr. Carnegie. For a 90-day option covering purchase at that price he had required the syndicate to make a cash deposit of \$1,170,000. If the syndicate failed to complete the transaction within the 90-day limit, then this money was to be forfeited to Mr. Carnegie.

On May 10, 1899, Mr. Frick wrote to A. W. some disappointing news, which, however, afterward proved to be, from the standpoint of the Mellon brothers, good news. Frick wrote in the letter:

"I tried to get Mr. Moore to agree to sell you an interest in the proposition but without success. Today I offered him an interest for you just twice what his share in the option cost him, but he said he could not and would not sell any."

Of course, it is well known now that the syndicate was unable to complete its arrangements in time and that Mr. Carnegie, after refusing the extension which had been expected as a matter of course, blandly turned the option money over to one of his philanthropies although some of that option money had been scraped up by his own partners, Frick among them.

That was as near as my uncles came to being involved in the sale of the Carnegie Steel Company and the Frick Coke Company. Nor were they involved in the slightest with the Carnegie-Frick row that got into the courts later on. Indeed, the very fact that quarrels were almost certain to develop out of the situation then brewing would have been enough to make them lose interest in the Carnegie Company, which was destined to become, in 1901, the backbone of the great United States Steel Corporation.

But A. W. and Dick did not lose interest in steel. Their consciousness of steel as a tempting field was demonstrated that same year by an investment which they made in a new wire and nail mill. William H. Donner, the promoter of this company, came to see A. W. about getting financial support. Mr. Donner was an exceedingly able steel man, a far-sighted Yankee with the ingrained habit of following up anything

he started. Mr. Carnegie had been consulted before the company was launched and had urged its promoters to go ahead. Mr. Carnegie's own company was not making wire or nails and this new one, therefore, meant probably still another customer for the steel ingots of the Carnegie Company. Later on, A. W. and Dick sold to Henry Clay Frick a 25 per cent interest in the Union Steel Company, Donner's concern. Mr. Frick likewise appreciated Mr. Donner's talent for management.

The Pennsylvania Railroad was the owner of two great steel plants in those days, one at Johnstown and the other at Harrisburg. In the hands of railroad managers these properties had become little more than white elephants. Acting for the railroad, Mr. Frick undertook to get into the management of these plants somebody who had a grasp of the steel business and plenty of initiative. He fixed on Donner as the person to do the job. Donner consented when he was given a contract which also provided an option on a block of common stock in these companies. It did not take him long to get the plants in a prosperous condition.

Then Bethlehem Steel Company bought both, and Donner moved out with enough money to establish the big Donner Steel Company at Buffalo, which later was to become an important part of the structure of the Republic Steel Corporation. Without Donner to run Union Steel, A. W. and Dick were not particularly interested in going ahead with it; nor was Frick. Therefore, Union Steel Company was sold to the United States Steel Corporation.

I find myself thinking about Union Steel occasionally even now because up there on the Monongahela River the smoke from the stacks and the clamor from the mills masks

a pleasing bit of sentiment connected with its birth. A town was named from the company's mill which was originally called Donora. The first syllable came from Mr. Donner's name and the second syllable was the first name of A. W.'s wife, Nora McMullen. That pretty well fixes in my mind the time of this whole business, which was the year A. W. and all of us went abroad for his wedding. Before and after that wedding A. W. and Dick were concerned with another steel investment which was to become important.

In the spring of 1900 Reuben Miller, Sr., came to see me. Reuben simply wanted my advice concerning the problem of a friend of his, a fellow vestryman of Pittsburgh's Calvary Episcopal Church. The man, a young engineer, was eager to get into the steel fabricating business on his own account with a partner who had been his classmate at Lehigh University. I had no difficulty whatever about arranging with A.W. an interview for Reuben's friend. My recollection is that Reuben presented that friend, Charles D. Marshall, to A.W. on that same day.

Charles D. Marshall and Howard W. McClintic, his Lehigh classmate, had then been out of college twelve years. During the preceding ten years these two young men had been working for the Shiffler Bridge Works in Pittsburgh. In the course of their employment there, they had risen to be the heads of a department that overshadowed the concern's bridge business. This flourishing and relatively new phase of the company's operations was devoted to the fabrication of structural steel for buildings and for all manner of construction work outside the old channel of the steel business. Actually these two young men in their first decade out

of college had shared in the greatest development that the steel business had ever known.

Railroad rails had represented the first great market of the steel companies. Later bridge building had developed. Still later, a larger market began to open up. During their last year at Lehigh University, this great development had been foreshadowed by the erection in Chicago of the world's first true skyscraper, the Tacoma Building. Instead of having fortress-like walls of masonry to bear the weight, this structure had been built with a steel skeleton.

A. W. and Dick were too well versed in real estate values to have overlooked the significance of the various aspects of skyscraper construction. They knew at first hand what had happened in Pittsburgh, and were likewise aware that, in the ten years following the erection of the Tacoma Building, Chicago Loop real estate values had increased sevenfold. The great expansion in the market for structural steel had come after the development of open-hearth steel in the late eighties.

These two young men, McClintic and Marshall, were probably the most alert and best-informed men in the structural steel field at the time they determined to seek financial support from the Mellon brothers. They had become dissatisfied with their employment in the Shiffler business because they felt that they had been "sold down the river." They had been getting a share in the profits of that company and regarded themselves as at least quasi-partners, but those in control of the business, without consulting Marshall or McClintic or giving them any notice whatsoever, sold out to the new J. P. Morgan promotion, the American Bridge

Company. American Bridge, of course, was destined to be put into the United States Steel Corporation.

A combination of indignation and ambition had caused Marshall and McClintic to think of getting into business on their own account. On behalf of himself and McClintic, Marshall asked A. W. to lend them some money to establish themselves in the steel fabricating business. A. W. assured young Mr. Marshall that he and his brother would consider the proposition, and then he asked Mr. Marshall to do him a favor: "My brother and I," he said, "have been obliged to take over the Saylor Structural Steel plant over at Pottstown. While we are considering your proposition, would you be good enough to look at this plant and give us the benefit of your ideas as to what we can do with it?"

A. W. and Dick never took character for granted. Mr. Marshall had been pumped tactfully and A. W. had noted down every firm mentioned by Marshall as a customer of the Shiffler Company during the time that McClintic and Marshall had worked for it. By simply lifting the receiver from his telephone, A. W. was able then to propound in turn to a number of men whom he knew well and on whose sincerity he could rely, some such question as this: "Have you had any business contact with Charles Marshall and Howard McClintic, and how do you regard them?" Uniformly the replies were favorable. These young men, A. W. was told, were aggressive, good-tempered, honorable and able.

The place chosen for the next meeting was not Pittsburgh, but Philadelphia. A. W. and Dick never made up their minds until their investigations were complete and their invitation to Mr. Marshall to go to Pottstown had not been simply a matter of imposing on a favor-seeker. When A. W., Dick and

Marshall got together at the Bellevue Stratford Hotel, Marshall ticked off his findings on his fingers: One, an old shop; two, loaded up with unprofitable contracts; three, no record of past success. A. W. and Dick, glancing at each other, nodded and Mr. Marshall, whether he knew it or not, was practically set up in business.

Then, as was customary, A. W. did the talking. He said:

"We have considered your proposal. The loan you have in mind is too small. This is often the case with borrowers. It seems to us that you ought to have at least \$100,000 of working capital. My brother and I will be glad to take a half interest in such a company as you want to form, and we will put in \$50,000, if you provide the other \$50,000. We want to put into the deal this Saylor plant at Pottstown, which now belongs to us, at its appraised value."

Mr. Marshall squirmed a little bit, because this was a totally different plan from the modest arrangement he had proposed on behalf of himself and McClintic. He sparred for time by saying that he would have to consult Mr. McClintic.

The next meeting was in Pittsburgh. Marshall and McClintic acknowledged that they had no way of raising \$50,000.

"How much cash can you put up?" asked A. W.

"Ten thousand dollars. Five thousand from each of us."

"But you own your homes? Couldn't you mortgage your homes to increase that?"

Marshall and McClintic glanced at each other as men might who find themselves unexpectedly at the edge of a precipice.

Then A. W. asked another question. "What about having your father's help?" he said to Mr. Marshall.

Mr. Marshall objected to disturbing his father's security.

"Would your father not have faith in you?" asked A. W.

Marshall replied almost indignantly that his father did have faith in him and that he would put the matter up to him.

Then A. W. pressed the two again about mortgaging their homes.

"Your reluctance," he said, "makes it appear as if you do not have faith in yourselves or in this enterprise."

Again Marshall and McClintic looked at each other. Then they agreed to mortgage their homes.

Curiously enough, it was A. W. who then breathed a sigh of relief. He told them he appreciated and sympathized with their feelings, not only as to mortgaging their homes but as to approaching Mr. Marshall's father.

"Neither of these steps will be necessary," said A. W. "My brother and I will lend you the additional money. You should be able to repay us out of profits of the business."

Indeed, they were well able to repay out of profits of that business! McClintic and Marshall to the end of their lives were proud to say that A. W. and Dick had been generous with them always. Invariably, A. W. and Dick were generous in trades of that character. Of course, both of them liked to make a good trade, but "good trading" to them never meant taking advantage of some man simply because he lacked money.

In his trade with those young men, a part of A. W.'s pride lay in taking care of them, in seeing that their interest was big enough to make it impossible for them to be tempted away from what they were setting out to create. In this case

he was putting appropriate force in the hands of two extremely able engineers. Both A. W. and Dick, having established to their satisfaction that these young men were worthy, believed in them from then on. I don't suppose either A. W. or Dick ever went to a McClintic-Marshall plant to see what was going on there except on those occasions when they were invited for some reason that seemed important to McClintic or Marshall.

Those two men, McClintic and Marshall, were a team as smoothly functioning, as complementary, as A. W. and Dick themselves. McClintic was the designing and construction genius; Marshall, the business mind. Marshall always had charge of contracts and finance.

The McClintic-Marshall Construction Company was chartered by the State of Pennsylvania on March 20, 1900. It had a capital of \$100,000, and 250 shares of its stock were issued to four stockholders. During the next 30 years there never were more than four stockholders: Andrew W. Mellon, Richard B. Mellon, H. H. McClintic and C. D. Marshall. A. W. and Dick held 60 per cent of the stock between them and McClintic and Marshall together held 40 percent. The serene confidence of A. W. in his own judgment, once he had arrived at a decision, never was better demonstrated than by the circumstance that there was not a fifth partner in the McClintic-Marshall Construction Company.

A. W. had offered a share in the enterprise to Henry Clay Frick, who was beyond question at that time the biggest operating steel man in the country. In declining for himself a proposition from the one man whom he trusted above all others in business, Mr. Frick uttered a warning about the new enterprise. Said he: "Don't touch it. There is no chance

whatever for success. We have never made any money out of our bridge company." He referred to the Keystone Bridge Company. A. W. did not argue. He placed \$100,000 to the credit of the McClintic-Marshall Construction Company.

McClintic and Marshall, as soon as the money advanced to them was in the bank, moved over to Pottstown, Pennsylvania, where they took charge of the old Saylor plant. It became the No. 1 plant of their company, which was destined to become the greatest steel-fabricating business in the world. In what was left of the year 1900 they produced 10,000 tons of steel in structural shapes. Within two years they had added to the plant at Pottstown another in the Pittsburgh district, at Rankin, Pennsylvania. A second and larger Rankin plant was added in 1905. Another plant was established at Carnegie, Pennsylvania, in 1906. By 1916, another and larger plant was built at Pottstown, and, in that same year, the Riter-Conley plant in Pittsburgh was purchased. Carnegie No. 2 was added in 1918, Pottstown No. 3 and Riter-Conley No. 2 in 1920. By 1924, they had two plants in the Chicago district and were spreading out on the Pacific coast. They had a plant in Los Angeles in that same year, and another at San Francisco was added in 1927.

The McClintic-Marshall Company had become famous around the world long before they had so many plants. To observe the number and size of those plants was simply one way of appraising the genius of those two young men for fashioning into tremendous shapes of steel the most ambitious dreams of other engineers. A few years after they had started in business the great locks of the Panama Canal were produced out of the immense fabricating machines and the mills built by these men. The fact that they lost \$2,000,000

on this job provides one more indication of the fineness of the relationship between them and the Mellons. It was not just a money relationship, for they were really partners, and the pride of A. W. and Dick in those massive locks was just as great as the pride of their partners.

When the bids had been opened for that Panama Canal job, McClintic and Marshall's bid was low by \$1,000,000. They were horrified. It was inconceivable that the estimators for all the other steel companies could have been so far wrong. They checked and rechecked all their figuring and then, in a most unhappy frame of mind, came to the bank. By this time, that bank was no longer T. Mellon & Sons but the Mellon National Bank. They could tell their story less publicly because by then A. W.'s office was really private. Instead of being chided and scolded by their moneyed partners, McClintic and Marshall were consoled. A. W. said, "You can't hit the bull's eye every time."

As the work at Panama progressed McClintic and Marshall learned why other bids had been so much higher. This was their first government contract and their first experience with the often undue severity of government inspectors. When they protested against some things which they regarded as unreasonable, General Goethals, who was always grateful to them, urged them on patriotic grounds to proceed. He assured them that if they continued to deliver they could count on him to fight before Congress to get them extra compensation. In some measure he was able to help them; but even so, their final loss was the terrific sum of \$2,000,000.

There was nobody in the country who had a better understanding than A. W. of just how much \$2,000,000 was, nor

a better understanding of what you might buy with it. However, his pride was not in millions but in companies. His final comment to his partners on the unhappy aspect of that contract was to say: "Well, it's *some* company that can swallow a loss like that!" He was wise enough to appreciate that, as long as those locks worked at Panama, the name of McClintic-Marshall would be getting back in advertising values some of that \$2,000,000.

That was merely one of numerous jobs of fantastic size accomplished by the McClintic-Marshall Company during 30 years of independent existence. Out of its drafting rooms and furnaces and mills came all the steel for such great structures as the Grand Central Terminal in New York, the George Washington Bridge over the Hudson, the Golden Gate Bridge in San Francisco, the Waldorf-Astoria Hotel in New York, the University of Pittsburgh's Cathedral of Learning, and the unparalleled RCA Building which dominates Radio City in New York. This, of course, is far from a complete list.

A new plant of the Baldwin Locomotive Works at Eddystone, Pennsylvania, which called for the fabrication of 16,000 tons of structural shapes was delivered and put into place in three months time by McClintic-Marshall. It would be tedious to count the carloads of steel that were shipped out on some of their enormous contracts. A great steel plant had to be envisioned entirely in the drafting rooms of McClintic-Marshall before it took shape halfway around the world at Jamshedpur, India, as the plant of the Tata Iron & Steel Company. From the time of its formation, when Mr. Frick had said that it would never make a cent, until it finally

lost its identity in 1931, the McClintic-Marshall Company had paid out some \$8,000,000 in dividends.

The fabricating part of the business was transferred to Bethlehem Steel. Various assets not included in this transfer were disposed of to others. The total consideration for the McClintic-Marshall Construction Company was \$70,000,000 and this sum was received two years after the depression started. However, even these figures do not tell the full story. A thousand fabulous enterprises, from the Panama Canal to that great 70-story Radio City building in New York, have been carrying on their work for years by means of steel structures created by this company.

Only a short while before he died in May, 1945, Charles D. Marshall was trying to define the contribution of his financial partners. He said: "All we ever had to do was to state and explain our problem to Andrew Mellon. Invariably, he replied with a double-barreled question: 'How much do you want? And when?' "



CHAPTER XXIX

. *A. W.'s Marriage* .

One's mind is curiously indexed. Even today if I hear briskly trotting carriage horses, my thoughts are apt to go back to a park ride in Philadelphia with A. W. beside me in an open carriage on an afternoon during my convalescence after an operation. Possibly the clop-clop of horses' hoofs helped to print on my memory what is now a mingled recollection of release, fresh air after days of smelling hospital disinfectants, and a piece of suprising news. A. W. was telling me he was going to be married. His fiancée was an English girl, Miss Nora Mary McMullen.

This news marked one more change of a series of changes occurring in our family circle as the last century was running out. My illness and my Uncle Tom's death were tied together in my mind by the fright the doctors had given my wife merely by the dreadful sound of "sarcoma." It came too soon for comfort after the death of Uncle Tom.

The cellar of my Uncle Tom's home, next door to my grandparents' house, for many years had been richly stored with a treasure appreciated only by the men-folks. I used to go to his house regularly to buy a box of cigars out of Uncle Tom's enormous supply. So would my father at times and other men in the family. There were special closets down there in Uncle Tom's cellar in which his stock of cigars was stored at just the right degree of humidity. It was a brand

made and sold only in Philadelphia and called Juan Fortuando: a five-cent cigar made of light tobacco.

Uncle Tom bought them by the thousands. He aged them carefully; and it seemed to give him a deep satisfaction to have a great hoard of his favorite cigars on hand. He was a tremendous smoker. Always, it seemed to me, there was a lighted cigar in his mouth. Probably that constant smoking caused the cancer that developed in his mouth and throat. In 1899, when he was only 55, Uncle Tom died and his passing left a great gap in the family circle.

His death increased my wife's concern for my health. That old injury received when the little Indian pony fell on me, back in the days when I was working in the lumber yard, was giving me trouble. There was no pain but a swelling had developed in my leg. The doctors frightened my wife horribly. They said that this probably was "sarcoma." Dick Mellon determined to go with me to a hospital in Philadelphia, and I never think about my left leg now without remembering gratefully that except for Dick I wouldn't have that leg. The Philadelphia doctors were going to amputate it, but Dick's attitude was that they would have to amputate all of his limbs first. So instead of amputating, they opened up the diseased area and took out a section of the fibula. After it healed, it never really bothered me again.

Dick Mellon had been married in 1897, about three years before this. That had been a gay time! Although devoted to business, Dick was light-hearted, lovable and gregarious. His wedding was something to be celebrated on a grand scale. The bride was the daughter of Alexander H. King. Kings and Mellons had belonged to the same church congregation for a generation or more and were warm friends.

Dick had first met Miss Jennie King before we went to Dakota. Indeed, it was in connection with that trip that they first met. Dick had gone to call on her father to seek his advice about taking George Mellon west for his health, and while the young man was talking to the older one, in came a little girl carrying her doll. In introducing her then, her father scarcely could have anticipated that a romance between these two would develop later on.

After George Mellon's death, when Dick returned from the West to become A. W.'s partner at the Mellon bank, her dolls had been put away. Miss Jennie King was wearing her red hair on top of her head and was "out" in Pittsburgh society. She and Dick Mellon loved parties and social gatherings. But, after their wedding festivities subsided, their gaiety was transferred to their own household, and the house of my grandfather in Negley Avenue was never again quite the gay place it had been with Dick around to tease and tell stories and set a gale of laughter going.

It was when I had begun to mend after my operation and Dick felt that he could safely leave me that A. W. came over to Philadelphia from Pittsburgh, took me out to drive, and told me he was going to be married. I was happy for him. My own life had gained inexpressible values following my marriage, and it was comforting to think that A. W. would now round out his own life.

He was obviously in love. With me, it was his habit to talk freely always, and on this occasion, as he talked about his engagement, he was positively boyish. Relatively few persons ever really got to know this man, seemingly an austere Pittsburgh financier. Actually he was one of the most lovable of men. The shell in which he kept himself generally

was due to shyness; those of us who knew him best knew him to be a lonely fellow. Since my marriage and the marriage of R. B., that loneliness had increased. A. W. had been growing increasingly wistful during several years past. There had been plenty of opportunities to notice this on those frequent evenings when he would come to my house to watch my children romping before they were put to bed. If he did not come to see me, he would go to R. B.'s house and share the felicity there.

His romance had begun, he told me, in the previous year while he was aboard a steamship bound from New York to England in the company of H. C. Frick. They were passengers on the White Star liner *Germanic*. Also aboard were Mr. and Mrs. Alexander McMullen of Hertfordshire, England, and their 20-year-old daughter, Nora Mary McMullen. Charmed by them, Frick lost no time in introducing A. W. It was appropriate that Frick should be the one to bring them together because, some seventeen years earlier, at a party in Pittsburgh, it had been A. W. who introduced Miss Adelaide Childs of Pittsburgh to her future husband, Henry C. Frick.

Miss McMullen's father was a brewer and the girl herself was the youngest in a family of eight children. The other seven were all boys and as English as roast beef. Three generations of McMullens had lived in Hertford Castle, a property of the Crown on which the McMullen family held a 99-year lease.

A. W.'s skill in appraising a business enterprise by looking at its trial balance was one thing, but to find him almost equally skillful in describing the fine points of an English girl—that was something else. Apparently he had looked

carefully at a lot of girls. While I listened I could not help but think of the sensation this news would make in Pittsburgh where A. W. had been for so long the uncatchable "catch." The marriage would occur, he told me, in September.

My wife and I went to London when I was able to travel and soon afterward A. W. took us down to Hertfordshire to meet the McMullens. Our first sight of Nora McMullen is unforgettable. As we stepped down from the train to the platform, there she was, high up on the box of a dog cart, entrancingly blonde and lovely. The harness on her horse was silver mounted and the horse's tail was docked. It was a smart turnout: everything correct, including the angle at which she held her whip. A. W. got up with her. Another rig had been sent for my wife and me. We all rode up to the castle, to a hearty welcome from all the McMullens. My wife and I liked these people at once. The mother was an exceedingly nice person, but she kept telling us that she was afraid her daughter wasn't ready for marriage.

This English family had become strongly attached to A. W. The McMullens were good, substantial people. Hertfordshire is a beautiful piece of England, and there is little smoke in it, except that rising from the chimneys of its thatched cottages, if one excepts the smoke from its numerous breweries. Its hills are crowned by forests of beech and elm and oak.

The family paid much attention to horses, I found; and Nora McMullen, with enough brothers to form a troop of horsemen, habitually rode all over the place. If there was no newness in Hertford Castle—some walls of it dated back to William the Conqueror—neither were there any airs.

So my wife and I returned to London quite comfortable in our minds about A. W.


Later came a week or more of parties in London, the best of which were stag parties. It would have been a test of anyone's physique to survive them all. A lot of our old friends had turned up from Pittsburgh; probably we could have mustered half of our Duquesne Club luncheon table crowd. Of course, Dick Mellon had come, and I was there, and the American ambassador to Belgium at that time was also a member of that same little round table group with whom A. W. had been lunching for years. He was Jack Leishman.

There were other officials of Carnegie Steel in London and likewise an East Liberty neighbor, one of the oldest friends of our family, H. J. Heinz, the founder of the Heinz Company, and his son Howard. Mr. Heinz was much too prominent a figure in Sunday school to have a leading role in our bachelor parties, but he was, nevertheless, a dear friend, and in his own way as devoted to A. W. as was Jack Leishman.

There would have been good parties and gay parties if the marriage had been happening in Pittsburgh, but in London A. W. was exposed to a much more subtle hospitality. For more than a score of years he and Henry Frick had been coming regularly to London and the continent on vacations that were really picture-buying expeditions. Art was an absorbing hobby with them both. Maybe some of the art dealers who arranged parties had ulterior motives, but their entertainments were really fine and the whole family certainly had fun. As the one who would be best man at the wedding, Dick was in his element; and I'm sure the party

which he gave for the groom must have caused even the art dealers to make notes on their cuffs.

Then we all went down to Hertford Castle for the wedding and a final party. There was something especially nice about the festivities there because the entire population of the town was rejoicing with the family of Nora McMullen. The whole way from the station to the castle and to the church across the brook that ran through the castle yard had been decorated. Bunting and flags were on the houses; and the day after the wedding, there were wrestling and boxing, bowls and other games, and finally a tug of war in which the contestants were five of the Hertford villagers against the five strongest of the bride's seven brothers. Mr. and Mrs. Andrew W. Mellon had departed, however, before the general celebration. Dick, writing a report for the folks at home in East Liberty, said: "The last I saw of A. W. there were two of him, and they were going to Berlin."



CHAPTER XXX

Steel Cars

One day late in 1902, which was the year I was getting out of the street car business and back into the oil business, my friend Leonard Woods, asked me to meet some friends of his who were in business difficulties. As things developed, out of the meeting he arranged, A. W., R. B. and I were to enter into another world-wide field of operations, this time one associated with the railroad transportation business.

These friends of Leonard Woods were K. T. Schoen and his nephew, W. T. Schoen—builders of railroad cars. The Schoens, after some vicissitudes, had promoted a new railroad car building business and the name of it was Standard Steel Car Company. When I first met them, their business was a comparatively little \$3,000,000 rival of the big \$25,000,000 Pressed Steel Car Company, of which the elder Schoen had recently lost control. Indeed, the promotion of Standard Steel Car was the means whereby the elder Schoen sought to get back into the car building business in which he had been a pioneer.

At the time of my meeting with the Schoens, this new business enterprise of theirs was in desperate need of cash. About \$200,000 was required. When the situation was described to me, I thought immediately of an item of cash on our books which might be made available to them. This was a fund of approximately \$200,000 accumulated for use in

the construction of the Allegheny Valley Street Railway. Since we were getting out of the street car business ourselves, we would no longer need this money for the original purpose. I presented the case of the Schoens and their need to A. W. and R. B. They suggested that I make a further, more thorough investigation before coming to a decision. Thereafter I talked with Henry W. Oliver who knew much about the Schoens and what had been happening to them in the railroad car-building business.

Originally K. T. Schoen had been a letter carrier in Philadelphia. Then he started a business for fabricating for railroad car builders metal parts such as center plates, corner bands and kindred pieces. Most of the railroads in that time built their cars in their own shops. The business prospered and W. T. Schoen, the nephew of the original Schoen, was brought into the business, and these two became known from coast to coast simply as "the Schoens." They had achieved a place of leadership in the freight-car building field in the 1880's, when another company appeared as their rival. This was the Fox Company.

Sampson Fox of Leeds, England, had come to America late in the 1880's to exploit an invention of his already known to railroad car builders as the Fox truck. All American railroad cars up to that time, and most railroad cars for some years thereafter, continued to roll on "arched bar" trucks made principally of wood. But there was no wood in the Fox trucks; only steel.

After a few years of frustration, Fox experienced a change of fortune. A most aggressive salesman, James Buchanan Brady, usually referred to as Diamond Jim Brady, had

begun selling the Fox truck in quantities. So the business grew.

The Schoen plant was in the Pittsburgh area, and presently the Fox Company, which had its original plant at Joliet, also had a plant in the Pittsburgh area. Then, in the 1890's, these two companies were combined into one, called the Pressed Steel Car Company, of which K. T. Schoen became president. By this time both companies had been making not merely parts of cars and trucks but complete steel freight cars.

Under Schoen's leadership, Pressed Steel Car Company became the foremost builder of railroad freight cars in the country; and probably it would have maintained its position without interruption for many years except for a piece of intrigue which resulted in a change of management. The Schoens had long had banking connections with a man in Allegheny named Frank Hoffstot. Eventually, Mr. Hoffstot persuaded K. T. Schoen to become Chairman of the Board of Pressed Steel Car, and Hoffstot became President. Then Hoffstot, who had gained control, had his board of directors abolish Mr. Schoen's position of chairman of the board. So Schoen was out of the Pressed Steel Car Company. Thereafter the Schoens promoted a new car-building concern which they named the Standard Steel Car Company, the stock of which they offered for sale to raise capital to get the new company operating. Although they were capitalized for \$3,000,000, they didn't have \$3,000,000.

What had gotten the Standard Steel Car Company into trouble at the time when Leonard Woods brought the Schoens to see me was that, in the first place, this young business of theirs had contracted to pay one million dollars for a

foundry which was intended to be one of their big plants. The facilities bought by them proved to be not nearly so useful to them as they had expected. On top of that they had fallen into further difficulties through the failure of one of their biggest customers, who had gone into bankruptcy owing them a bill for railroad car parts which had been manufactured and delivered and for which the Standard Steel Car Company itself had gone into debt.

The outcome of my investigation of all this past history of the Schoens and the beginnings of Standard Steel Car was that A. W. and R. B. agreed to make the loan. But they imposed a condition: that the Company put my friend Leonard Woods into a position where he could be in constant and close touch with all the details of its finances. In that way we protected the loan. This arrangement was the beginning of our interest in the Standard Steel Car Company, an interest that grew mightily.

In the merger (unfortunate for the Schoens) out of which developed Pressed Steel Car Company, there had been put together not only important physical assets and advantageous arrangements but also the skills of two talented men. One was Diamond Jim Brady, sales genius of the Fox Company; the other was John M. Hansen, in his way equally a genius. Hansen was an engineer with instinctive manufacturing talent and an unmatched flair for designing railroad cars.

How this man Hansen came to have such a flair is a part of a bigger mystery of great significance in American history. His case is just another instance illustrative of the great tide of manufacturing skills that flowed into Pennsylvania out of Germany during more than a century. No one

really can understand the great industrial development of our country who does not explore the role in it of the Pennsylvania Dutch. Frick was an example of this contribution, and so was Hansen, and so were a great many others somewhat similarly gifted who found their opportunities not merely in Pennsylvania towns, but in Ohio, in Indiana, and beyond. The essence of it is hard to identify except that these people whether they made whiskey or heavy machinery were unusually talented; they had an almost magical power to make things, to manufacture.

John M. Hansen's father was a German immigrant who had established a butcher business in a suburb of Pittsburgh, Swissvale. Out of Swissvale, as out of most American small towns in that time, there went each day meat wagons which were really traveling butcher-shops. These "shops" took the meat to the customer's home. Young Hansen as a half-grown boy, had been the most able of his father's butcher boys. That, I suppose, was because he was naturally aggressive in anything he tackled. But the butcher business, as a life work, had so little appeal for this boy that one night when he was about sixteen, he climbed out of his bedroom window, dropped to the ground, and ran away from parental authority to Pittsburgh and freedom.

Answering an advertisement in the "help wanted" columns of a Pittsburgh newspaper, Hansen got a job with the Schoens as a blueprint boy. Thereafter he matriculated at the University of Pittsburgh, attending its night school sessions, playing football and also carrying on his work for the Schoens.

Innate talent in the man developed fast; and it was Hansen who finally induced the Schoens to transform their busi-

ness from one of merely making parts for other car builders into one making complete railroad cars which he designed. So when the Schoens merged with the Fox Company, the really significant merger had been a merger of Hansen, the talented car designer and builder, with Diamond Jim Brady, probably the most successful salesman of railroad equipment this country had ever produced.

After the Schoens were out of Pressed Steel Car, Hansen left the company. Diamond Jim Brady had been traveling in Europe when the elder Schoen was ousted by the board of directors; and he too resigned not long after he came home. The Schoens and Hansen and Diamond Jim Brady had no idea of abandoning the rich car-building field. The Schoens' name continued to carry weight in the industry and Diamond Jim Brady's hold on the purchasers of all railroad equipment, cars included, was probably unparalleled.

Hansen himself was an extraordinarily able salesman as well as an engineer. Indeed, he himself was one of the first of the modern type industrial salesmen, who is often a man with a background of training in engineering. In my opinion, Hansen was potentially a better salesman than Diamond Jim Brady owing to the fact that he knew so much more about the products he was selling than Brady *could* know. Indeed, when Standard Steel Car was formed, one factor in favor of the new company had been Hansen's certainty of getting a great chunk of business.

One day when the Hoffstot regime was rising to control of Pressed Steel Car, a postcard inquiry had come to the Pressed Steel office. Hansen decided to reply to it by going in person to visit the railroad man who had sent that card. This man was a representative of the newly constructed

Oregon Short Line. As a result of this visit Hansen designed some new cars for this road which delighted the purchasers. An unexpected part of Hansen's reward was that he was taken one day into the presence of a man who was then becoming recognized as the foremost railroad operator in the nation, E. H. Harriman.

Mr. Harriman, who seemingly disliked Hoffstot, took a great fancy to Hansen. Ordinarily Hansen was a quiet man, but out of the enthusiasm generated whenever he talked about railroad cars, he could become eloquent. In Harriman he found the perfect audience. One day Harriman said to Hansen: "Why don't you get into the car business on your own account? I'll give you all my next year's business. You build the cars right. The price will be cost plus ten percent."

So when my friend, Leonard Woods, brought the Schoens to see me this is about where they stood: The new business had Diamond Jim Brady as its salesman, Hansen as its car builder and production man, and in addition, apparently the promise of one of the greatest single purchasers of railroad cars on the continent. The company, provided it was well managed and did not repeat costly mistakes in management which had afflicted the Schoens' enterprises in the past, was in a position to compete with the vastly bigger Pressed Steel Car Company. But when the Schoens first came to us and, after them, Hansen, they were desperate for cash.

In the opinion of some of the old hands associated with the Schoens throughout their career, they had been frequently handicapped by lack of adequate capital in a field of business which has always had sharp ups and downs. In their efforts to keep going during some of the "down" periods, the Schoens had sold steel railroad cars at some-

thing like the price of wooden cars. That was an impossible course, and if the policy had been persisted in, there would soon have ceased to be a Standard Steel Car Company.

One further fact strongly influenced A. W. and Dick to make heavier and heavier investments in this company. Hansen had convinced them that practically all of the machinery which Pressed Steel Car Company, Standard's big rival, was using in its factories was obsolete. Hansen was an authority on this point because he himself had designed most of that machinery. Consequently the new little company was in a wonderful position, provided it could get the money to set up a modern plant equipped with the most up-to-date machinery that Hansen could design and then proceed to make all the cars that Diamond Jim Brady and Hansen together could sell.

During the next three or four years after that first loan was made subject to the watching of Leonard Woods, A. W. and R. B. bought out the Schoens, and thereafter over the years my uncles continued to acquire more stock until the interest of the Mellons in the company was more than 80 per cent of the total.

A. W. and Dick went into this business with enthusiasm. It represented a fine opportunity for them to exercise their business gifts and it was a clear-cut chance to utilize to the utmost all the magic that there is in money. With the best in plant equipment that money could buy and with Hansen in charge of manufacturing, the one other thing needed to bring success was a great volume of business. That was insured in the first hard years by the peculiar genius of Diamond Jim Brady.

The association of A. W.—quiet, shy, reserved, and hating ostentation—with the foremost exponent of ostentation on this continent, Diamond Jim Brady, was one of the most bizarre combinations of diverse human personalities that one can imagine.

Brady in his way was as remarkable as Hansen. He had been reared in one of the toughest sections of New York's tough West Side. He was the son of a saloon-keeper. As a young fellow he got into the railroad business as a baggage handler for the New York Central. Next he became a railroad station agent, but he really hit his stride when he was hired by Manning, Maxwell & Moore, jobbers of railroad supplies, to sell a species of hand saw called a "rail saw." In a short while Brady was selling all kinds of tools for section gangs. By the time he bought his first diamond he was selling more important shop equipment to railroads. But his real growth came after he had made a deal with the Englishman, Sampson Fox, to sell Fox railroad car trucks.

Brady was really extraordinary. It was he who persuaded officials of the Baltimore & Ohio to stop building wooden coal cars in their own shops and instead, to buy outright from the Standard Steel Car Company fifty-ton steel hopper bottom cars and forty-ton steel gondola cars. Within two years' time that one railroad bought, through Brady, more than 20,000 cars from Standard Steel.

Brady used to bring in million-dollar orders for Hansen to fill. Once the Pennsylvania Railroad gave Brady one big order for 40,000 forty-ton steel gondola cars. In his first year with the Standard Steel Car Company he sold twice as many railroad cars as he had sold in any other two years of his fabulous career. Also, of course, thanks to Hansen, the

company had a firm hold on practically all the business of the railroads controlled by E. H. Harriman.

Brady had tremendous influence not only with the biggest figures in the railroad business but with a host of lesser men: railroad division superintendents, master mechanics, shop foremen, conductors, locomotive engineers, firemen, call boys at the roundhouses. He was meticulously careful never to forget any railroad personality as he well appreciated that a railroad office boy might be destined to be the boss.

Brady entertained incessantly and lavishly and his expense accounts were terrific. But in spite of the fact that he was one of the most notable figures on Broadway, at Saratoga, at Palm Beach, and in spite of his ostentation, he was always concerned with business. No matter how many champagne buckets were in evidence at a table at which Brady sat as host, the fluid in Brady's glass invariably was orange juice. Even when he most perfectly symbolized Broadway extravagance, he was "on the job."

Of course, the most familiar evidence of his extravagance was that amazing collection of jewelry that caused him to be known as "Diamond Jim." I never knew him well enough to verify the legend that he had for each day in the month a distinct and complete set of jewelry, each set including cuff links, studs, tiepin and a jeweled ornament for the lapel of his coat. But I do know that he had many complete sets. More than this, he carried with him at all times tissue paper packets of unset gems. Jewels were his hobby.

In spite of the difference between them in taste and outlook, A. W. appreciated Brady for what he was, a wonderful business-getter. Probably there was no other man in the country, even in that time, who alone and unaided could

produce a sufficient volume of orders to keep such a business as Standard Steel Car growing bigger month by month. It did grow until, although it still had rivals, it had no peer. When the first World War began, Standard Steel Car Company was producing some of the finest passenger coaches and steel freight cars that had ever been built. Hansen year by year had made himself a better car builder. Yet Hansen would have said that what Standard Steel Car had been doing under his direction had been made possible not alone by the financial support but by the counsel on business management that he had received from A. W. and Dick Mellon. Through all those years A. W. was frequently consulted by the Standard Steel Car executives, normally at least several times each week.

The original Standard Steel Car Company plant had been built at Butler, Pennsylvania, but by 1906 the company had two plants at Hammond, Indiana, one for the building of passenger cars and the other for the building of freight cars. They were "all-steel" cars. Later on, the concern built a plant at New Castle, Pennsylvania, and acquired also the plant of the Middletown Car Company at Middletown, Pennsylvania; likewise the South Baltimore Car Works at South Baltimore, Maryland. Any time Hansen needed something for the business he got it by stating the need to the Mellon brothers. Furthermore, Hansen never had to hesitate when it came to handling an unusually large order. He always knew that he could get the financing.

One of the company's big opportunities came from the Argentine State Railways and that business had to be done by extending an enormous credit. A. W. and R. B. put up \$9,000,000. The cars were built and eventually paid for.

Commonly it was the practice for railroads to pay for their rolling stock while they were using it; and frequently in one way or another, A. W. and Dick put up the money for the customer to buy the product of the Standard Steel Car Company.

As the years went by, Hansen, because of failing health, had become Chairman of the Board of Standard Steel Car Company, where he could still direct and inspire the car-builders without having to carry the terrific burden of executive control of such a large industrial corporation. Colonel J. Frank Drake succeeded him in the presidency.

Of the transactions of the Standard Steel Car Company, often involving many millions of dollars, the biggest single deal A. W. and R. B. Mellon ever financed for it was an order that came from abroad. I remember how two men—one a Frenchman, the other an American—first sought to arrange a conference with Diamond Jim Brady. It was during World War I. The Frenchman represented the French State Railways. The French government needed cars desperately to enable France to go on resisting the invading German army. Hansen brought word of this urgent need to A. W. one day. Hansen was a little uncertain about the whole business because of the uncertain future of the French nation. The proposition was to let the French State Railways pay for our Standard Steel Company cars in French government bonds.

“Shall we take it?” asked Hansen.

“Yes, take it,” said A. W., who was not at all uncertain then about the future of France. The company built a plant at Rouen, installed machinery and began to make in vast numbers those comparatively little “40 and 8” cars which, even today, for so many veterans of that war (who had to

ride in them, sometimes terribly crowded) symbolize the fighting in France. The cars made by the Standard Steel Car Company were of the utmost importance in defeating the Germans.

The original order from the French was for 5,000 cars, but as things turned out, we fabricated parts for a total of 27,800 little French freight cars and did it in this country. The parts were loaded into ships bound for France and then they were assembled largely in that plant at Rouen. Captive German soldiers did most of the work under the direction of our men.

After the United States got into the war, a second car-building plant was erected at La Rochelle for the United States Army, but under the supervision of engineers of Standard Steel Car Company. After the armistice, Standard Steel Car Company bought the La Rochelle plant from the United States government and then we embarked on a peace-time venture of building cars to run on European rails in competition with the car builders of the Old World.

A.W., who had been riding on the railroads of the European continent year by year since 1880 was more than ordinarily interested in that project. On the advice of Hansen we had decided that we could surely keep an organization busy in France merely repairing all the cars which we had built for the French State Railway; but after half a dozen years or so, we got an order for 250 sleeping cars to be built for Wagon-Lits Company, the European equivalent of the Pullman Company. Then A. W. was as excited as a boy.

Year by year, A.W. had longed to explore that car-building enterprise of ours in France; but somehow after he became Secretary of the Treasury, he was prevented from go-

ing to Europe. It was not until 1928 that he finally went to Rouen and to La Rochelle. By that time R. B. Mellon was carrying on all the business ventures in which he and A.W. had been jointly involved. Nevertheless, as to this one enterprise in France, A.W. still felt eager interest.

We crossed the Atlantic together—A.W. and I; my wife; our son, Larimer, and our daughter, Margaret, who had been widowed several years before, and whose marriage to Tommy Hitchcock had been set for the following autumn; and David Finley of the Treasury Department. A. W. had decided to “sit,” as he said, for awhile at Dinard, in France, where he frequently had visited in the past. At Dinard he experienced a kind of serenity. That year his son, Paul, with two of his Yale classmates was already traveling in Europe.

On a day when my family and I had motored over from the Brittany coast to join A.W. at Dinard, Paul and his two friends arrived from Italy. Also there were Finley and another one of A.W.’s numerous young friends, Ted Rousseau from the American Embassy in Paris. We set out from Dinard one morning, the whole party nearly filling three Rolls-Royce cars, and on a very hot afternoon we went all over the car works at La Rochelle. The works at that time were largely occupied with the building of European continental sleeping cars, representing just about the utmost in luxurious rail travel. To A.W. and to me they were a magnificent expression of American manufacturing because, although the workmen spoke to each other in French, the management under which they exercised their various crafts was definitely American. We saw those cars in various stages of their creation, and as we looked at them, we did so with a deep

pride. Those cars, being made for the Wagon-Lits Company, were being created by a cunning and understanding that had grown in Pittsburgh, the Pittsburgh that we knew and loved as an inspiring source of craftsmanship and aggressiveness.

After A. W., as Secretary of the Treasury, had become well known in France as a diplomat and as a negotiator of the settlement of the troublesome debt questions that racked the continent and threatened its peace, he had received one day a letter from a Frenchman who signed himself "Paul Mellon," explaining that he himself was the son of André Mellon, and lived on the Rue André Mellon in Lormont, which is near Bordeaux. Since our Andrew Mellon was the sire of a Paul Mellon, this was an engaging coincidence. So while we were on this trip to La Rochelle we decided to visit the Mellons at Lormont.

We were at first a little disappointed because, in the household of a merchant of wines who traded in the very capital of the French wine business, we had expected to be refreshed by wonderful vintages. Instead, we were at first served a lukewarm lemonade. There was no ice and the day was hot. But before long, Monsieur Mellon said that he hoped we might like to try the Napoleon brandy which had been a part of his wife's dowry. It was the most potent brandy I ever drank and, in the glow of it, we all believed ourselves to be, at the very least, first cousins.

At the time when A. W. and I had been making our first and belated visit to the French works of the Standard Steel Car Company, a change in our relationship to the business was impending. The Standard Steel Car Company had commenced some negotiations designed to bring about a consolidation of our company and Pullman, Inc. A. W.

owned forty per cent of Standard, Dick owned forty and I owned some. So it was very definitely a Mellon enterprise. But the Pullman stock, of course, was widely held, for it was being traded in on the New York Stock Exchange. The Morgans had the biggest interest and probably after them, George Baker, of the First National Bank of New York. The Morgan and Baker influences were dominant. We had been negotiating with George Whitney, a Morgan partner, and with David Crawford, who was the president of Pullman, Inc.

As I remember it, A. W. and I arrived in London near the end of the summer of 1929 when J. P. Morgan and George Whitney also arrived there. I know that Colonel Drake, our representative, came over in September of 1929 to confer with them and that we were sometimes in touch with him. The deal was practically closed there in London.

The arrangements had been made in spite of the great break in the stock market that came at the end of October 1929. When the situation was at its worst, on November 13, 1929, J. P. Morgan was at sea, aboard the *Olympic*, bound for New York; and for awhile all of us were in doubt as to what effect the changed market situation might have on the deal. There was a definite possibility that the Morgans might say that it would be unwise to bring about such an enormous consolidation when the market situation was so uncertain. As for ourselves, we were well satisfied to proceed with the deal as made. I remember that we were quite relieved to discover that there had been no change of heart on the part of either the Morgans or Mr. Baker; and near the end of December 1929, the consolidation, to all intents and purposes, was a settled thing.

Just at that time, John M. Hansen died in France. Al-

though his health had been failing for several years, he had been very much interested in the consolidation. Indeed, he was actually in the French plant at La Rochelle, inspecting some of those fine sleeping cars which were being made for the Wagon-Lits Company when he suffered a heart attack which proved fatal. Diamond Jim Brady had died about a dozen years before.

As of March 1, 1930, the consolidation became effective between Standard Steel Car Company and Pullman Inc., whereby Pullman acquired the manufacturing and certain other assets of Standard. That had been a big deal, representing to the Mellons some \$38,700,000. The actual deal was two shares of Pullman plus \$21.71 cash for each share of Standard. Pullman was put in at a value of \$83.87 a share. So, when the trade was finished, we had in place of our control of Standard about 400,000 shares of Pullman stock.

None of us was young any longer, and from a financial standpoint, the new arrangement was, to say the least, wise, because instead of a tightly-held stock, unappraised in any market, A. W. and R. B. Mellon now owned a body of securities for which there was a constant market. In other words, the transaction had made their affairs just that much more liquid. The industrial strength of this country was increased for the simple reason that the combined organization represented greater manufacturing power than the sum of the two companies treated as separate enterprises.

That increase in power—which, please remember, is American power—came from these facts: The Pullman Company naturally possessed a great structure of patents that had been growing from the days of the original patents

granted to George Pullman, the founder of the business. The factor which had kept the railroad car business in trouble back in the days of the Schoens had been a peculiarity of railway car manufacturing: that it is subject to ups and downs. The whole field has been subject to prolonged periods of lean business, usually followed by peak years. Now, out of the pooling of these two companies, a very powerful railway car manufacturing unit could be created which would inevitably have greater power to sustain itself. For one thing, it would have a larger percentage of all the business in the country, which represented economy in operations, but not by any means a monopoly.

This has to remain an unfinished chapter because, through government action, Pullman, Inc., has been obliged to divorce itself from the subsidiary which operates Pullman cars on all the railroads. In my opinion there is no value to anybody in breaking up an arrangement that has been so useful to the people of this country, and if the time comes when each railroad is managing its own sleeping cars, the traveling public may rue it, and know that same kind of discomfort, delay and needless inconvenience that I used to encounter as a little boy in making railroad journeys with my father. At that time we were interrupted stage by stage as the cars passed from one railroad of wide gauge to another of narrow gauge and then to one of standard gauge. The three gauges of track were an affliction to a nation trying to weave itself into a single entity. I hope that the government, in dissolving the ties binding the Pullman operating company and Pullman, Inc., did not also dissolve the convenience and effectiveness and economy which they represented.



CHAPTER XXXI

• The Blue And Yellow Mellon Books •

The great Union Trust Company began out of a shrewd and thrifty intention of the owners of an older trust company to grasp some opportunities that were getting away from it. Wherever the Fidelity Title & Trust Company was appointed by the Allegheny County Orphan's Court to be the executor of some big estate in Pittsburgh, there was likely to be created, automatically, some business for a rival trust company because any trust company was prohibited by law from acting for both an estate and for any minor beneficiaries of that estate.

Moreover, in any case where the Fidelity Title & Trust Company was selected to be the registrar of the stock of some corporation, it was necessary for that company to have another, and usually a trust company, act as its transfer agent. The two functions could not be administered by one trust company or one individual on behalf of the same corporation. So it occurred to the management and principal stockholders of the Fidelity, that if they created another trust company, they could keep for themselves the profits of business which, under existing circumstances, they were obliged to let go adrift.

Out of these circumstances there was organized in 1889 a new company. It was called the Union Transfer & Trust Company. As a matter of fact, its original office was simply

a room or rooms in the upper floor of the Fidelity building. There was nothing furtive or secret about this arrangement, but the new company remained for a little while as unknown as if there had been an intention to hide its existence. At the beginning of the year 1892, the word "Transfer" was dropped from the title because actually people were coming to this little fiduciary institution in belief that "transfer" related to cartage.

Henry C. Frick, A. W. and others who had been stockholders of the Fidelity Title & Trust Company became the stockholders of this new company. The president of Fidelity, John B. Jackson, had most to do with starting the little Union Trust Company, but the first president of it was Andrew W. Mellon. Jackson had made him president without consulting him. When A. W. protested against accepting this office—incidentally, it then carried no salary—Jackson persuaded him by saying that he wouldn't have any duties to perform. Jackson apparently was going to supervise everything.

In order to appreciate what happened next in the history of the great Union Trust Company, it must be realized that A. W. had an almost morbid fear of putting anyone into unwise investments. Several of the men whom he met almost daily at the Duquesne Club during the luncheon period chided him because their share of the \$100,000 capital of the Union Trust Company was tied up and producing almost no revenues. Under existing circumstances, there was little excuse for hope that there ever would be dividends.

A. W. was embarrassed to the point of taking action. Late in 1893—that depression year—A. W. had a meeting with Jackson about the situation. (A. W. testified about all

this under oath nearly half a century later when government agents were probing into his personal affairs in a tax case). In this conversation with Mr. Jackson, A. W. had said with reference to the status of the Union Trust Company:

“There are just two things you can do. One is to liquidate. The other is to allow the Union Trust Company to locate on the street floor; let it go into business on its own account.”

Jackson protested that the Fidelity Title & Trust Co. did not want to liquidate the Union Trust Company. That was one horn of his dilemma. The other was his fear of creating what might become a big rival for Fidelity. When he finally made a decision and told A. W. to go ahead, he had committed an act of almost fatal imprudence for Fidelity. Half a century later when testifying about this transaction, A. W. chuckled as he recalled that Mr. Jackson's final words in that conversation had been an adjuration: “Don't be too aggressive.”

The first thing in A. W.'s new program for the previously ill-nourished Union Trust Company was to hire for it a real president, a full-time executive. At the very next meeting of the directors of the Union Trust Company, objections to this change were voiced. Naturally a full time president would have to be paid, and A. W., as was his custom in such matters, had arranged to pay this new man generously. Those members of the directorate whose principal business concern was the Fidelity Title & Trust Company objected. They did not want to see a little institution which they regarded as an appendage of their own organization put in a position to expand. They were in an awkward fix,

I suppose. They based their objections on the size of the president's salary and said that the company could not afford to pay so much. It had only earned a total of \$2,000 during the several years of its existence.

A. W. said simply and quietly: "I think differently."

Then he disclosed a willingness to buy the stock of any who preferred to sell out rather than endorse his action. The whole Fidelity crowd did sell out. From that time forward A. W. ran the Union Trust Company. It was on November 27, 1894, that, under its new and really aggressive leadership, it began to receive deposits and make loans.

In the year after this new policy was established, the Union Trust Company made a profit, as against \$2,000 during its whole previous existence, of \$31,000; and it grew steadily, vigorously, indeed aggressively. James McKean, the president of the Union Trust Company during the first years after it became a street-floor institution, died in the spring of 1900, while A. W. was on a vacation in England. Probably A. W. for some time had had in mind a certain man to succeed McKean; or at least, he had planned to employ him whenever an opportunity arose. This young man was Henry C. McEldowney, who was then assistant cashier of the important Bank of Commerce on Wood Street in Pittsburgh. One of its prominent stockholders was Lockhart, one of John D. Rockefeller's original partners in the oil business. Lockhart, Frick and A. W. were all on the Board of this Bank of Commerce. So when news reached A. W. in England that McKean had died, he cabled a suggestion that Henry C. McEldowney be elected to succeed McKean as president of the Union Trust Company. The largest stockholder of that company after the Mellon

brothers was Henry C. Frick and it was he who replied to A. W.'s suggestion with another cable message, which read: "We think he's too young." A. W. then cabled Frick a good-humored reminder that at the same age Frick had thought himself pretty good. So without further ado, McEldowney was elected. He was then 34 years old.

In 1902, Andrew W. Mellon became the architect and, with R. B. Mellon, the builder of a much greater financial institution than T. Mellon & Sons ever had been or ever could be simply because it was, after all, a private bank, and therefore limited. Even then private banking was going rapidly out of existence in America. When the bank of T. Mellon & Sons had been opened for business in 1870, there were numerous private banks in Pittsburgh and in the succeeding decades other private banks were opened. Some flourished; a good many failed. Not only T. Mellon & Sons, but all of these private banks had been as uncontrolled and independent of supervision of any kind during those years as if they had been operating in Antarctica.

As A. W. said long afterward in a speech: "The business of a private banker was entirely unhampered by any supervision. We made no reports either to the public or to the government. We were not hampered by the results of any Federal Reserve system nor meddled with by the Comptroller of Currency. If we got below our reserve requirements, nobody knew it except ourselves. But in 1902 some of our best customers were being offered inducements to interest themselves in other banking organizations."

The Mellons had to do something then. As a consequence of this competition and other factors, A. W. and Dick arranged for the metamorphosis of T. Mellon & Sons. When

the whole change had been worked, the chrysalis that remained of the little private banking house was no more than a set of books in which my two uncles, out of a mixture of warm sentiment and instinctive thrift, continued to record and catalogue the by now voluminous items of their personal fortunes.

Their whole plan, which undeniably was the conception of A. W., had been to organize into a single great entity their major banking interests. By this time the Union Trust Company had become one of the most formidable and useful financial institutions of western Pennsylvania. It was commonly and not inappropriately referred to as a Mellon-Frick institution. Out of a total of 5,000 shares of Union Trust Company stock, $3,916\frac{2}{3}$ shares were owned by A. W. Mellon and Henry Clay Frick; A. W. had $2,413\frac{2}{3}$ shares and Frick 1,503.

As a first step, T. Mellon & Sons became the Mellon National Bank in February, 1902. The good will of T. Mellon & Sons was capitalized at \$1,000,000. Then the shares of the Union Trust Company were increased in number from 5,000 to 10,000; and with 3,000 of these shares, the Union Trust Company bought from A. W. and Dick their newly-organized Mellon National Bank. So, instead of being sole owners of the Mellon National Bank, they now became two of the three principal owners of the institution which owned the Mellon National Bank.

The time was propitious. Henry Clay Frick had been eager to change the shape of his large fortune. According to George Harvey, Frick's biographer, nine-tenths of his fortune, estimated at \$50,000,000 at that time, was in securities of the new United States Steel Corporation. Wrote Har-

vey: "... Mr. Frick was unquiet. He not only had too many of his eggs in one basket but he appreciated the danger of the company's [U. S. Steel Corporation] heavy over-capitalization, and was still distrustful of the management, of which he had complained to Mr. Carnegie the year before. . . . He had no wish to sell but careful study from his expert knowledge of results and methods of operation convinced him that declines in earnings were inevitable and he began to liquidate his holdings . . . Many millions of dollars derived from sale of his steel securities were awaiting judicious investments and his concentrative policy forbade haphazard purchases of dissimilar properties. He must place his money where he could watch and guide it without encroaching too heavily upon his time. Inquiry and reflection finally evolved a program. 'Railroads,' he concluded, 'are the Rembrandts of investment' and railways began and continued through life to constitute his chief financial interest, to the virtual exclusion of all other considerations."

Nevertheless, the chalice, as it were, in which Frick chose to store a considerable part of his fortune was the Mellon National Bank. This was simply a continuation of that original banking relationship which he had started with my grandfather in the very first year of T. Mellon & Sons far back in 1870, when he borrowed \$10,000.

When the first of the above series of transactions had been completed, A. W. and Dick had between them 5,416 shares of the 10,000 shares of Union Trust Company stock, more than half the total ownership. Then there was a rearrangement of stock holdings, whereby Frick and A. W. equalized their holdings, each having 2,750 shares. Dick had 1,500 shares. Together, the three men were the owners of 7,000

shares of the Union Trust Company's total of 10,000 shares.

At no time was there any suggestion of a change in management of this expanded banking organization. A. W.'s role in the brand-new institution was precisely what it had been in T. Mellon & Sons. He was the leader. Henry Clay Frick, one of the ablest industrialists ever produced in this country, had neither the temperament nor talent for banking; but he did have the utmost admiration and faith in Andrew W. Mellon, both as banker and as friend. So the Union Trust Company now symbolized a real union between important elements of several great fortunes, as well as a permanent business association of several extraordinary men.

Of course, the growth of this banking institution was, to a great extent, a reflex of the growth of companies that had started to expand under the aegis of T. Mellon & Sons. When the new Union Trust Company was being formed, the Union Savings Bank, which had come into existence in 1902, was built into the whole structure as a subsidiary. In that same year the Citizens' National Bank was combined with the big company and in the following year the Pittsburgh Bank of Commerce was acquired. Undoubtedly the enlarged Union Trust had previously taken shape in A. W.'s mind. For some time he and Dick had been establishing banking relationships with smaller institutions all over the Pittsburgh area.

In all those little towns around Pittsburgh, wherever there was an industry, there was need of banks and banking. There isn't space here to go into the whole philosophy and mechanism of banking. The fact is that far too few people understand that the banking function does for industry and for our whole economy what Nature does when the water of the

sea is taken into the air, distributed over the land as rain, and brought back into the sea.

It would be difficult to imagine a more wasteful scheme of carrying on a business than to have one so organized that it could get along without banks. It would be monstrously expensive for any industry to keep on hand a store of idle money just to carry it through its cycles. The cheap way for industry to get the money it needs is to borrow it. A. W. saw clearly that institutions potentially much greater were locked up in some of the relatively small enterprises of our region.

The Mellon National Bank was never just a money temple in Smithfield Street. It was a wonderfully intricate and ramified structure of banking facilities. Banks are just as vital to the metabolism of our whole economy as his bloodstream is to an individual. But it was in their role of private investors rather than as bankers that A. W. and Dick made their greatest contributions. As I have attempted to show, the two Mellon brothers from their boyhood had been gaining experience as investors. Both of them had been investors before they were out of short pants. They were never speculating, as the word is used in Wall Street or in the Wheat Pit or other such markets. They had been brought up to believe in making life-time investments.

By the time T. Mellon & Sons had become the Mellon National Bank the private investments of these two had grown enormously. During most of the years of their business career the scope of their private fortunes or any fact about those fortunes was kept secret. Nevertheless, there is an old gentleman in Pittsburgh today, Mr. H. A. Phillips, who was for years as much aware of the outlines of the fortunes of the

Mellon partners as they were themselves. He was the guardian of two sets of books, one bound in yellow, the other in blue. Into these books, except for A.W. and Dick, practically nobody ever looked, except Mr. Phillips. Those books were kept under lock and key by Phillips. He also was the custodian of three capacious leather wallets. One was for the stocks and bonds which the Mellon partners owned in common under the name of T. Mellon & Sons. Another was for the personal securities of A. W. The third contained similar securities belonging to Dick. Each wallet had a lock; and probably Mr. Phillips was the only one in all those years who ever locked and unlocked those three wallets.


The blue and yellow books which contained the records of the fortunes of A. W. and Dick Mellon had belonged to two sets of books which had been in use only a short time at the bank of T. Mellon & Sons before it was changed into the Mellon National Bank. The confidential employee who was keeping track of the investments of the partners at the time was a man named Walter Mitchell and he shook his head as he pondered the shameful idea of wasting all that good paper. He decided that the unused pages of the two books were good enough for the records which he was keeping; and the partners themselves, out of sheer sentiment, agreed that it was a fine idea. So the blue and yellow books which would have served the bank of T. Mellon & Sons for the year 1902 had a much longer time in service because thereafter they were devoted to personal records of the partners. In the yellow books were recorded transactions in securities; the blue were devoted to real estate. In time these volumes recorded some amazing facts.

Those books, of course, were much more than a catalogue

of the holdings of the Mellon brothers. They were their account books. Their bank accounts were joint accounts. There were probably never more than two or three days during their association when the door between their offices remained closed. If one brother made a contribution, for example, to some philanthropy, often he would make the decision for the two and their accounts would be charged without discussion.

The fact that they could be partners so whole-heartedly is not astonishing. It grew out of something preached to us first by my grandfather and thereafter by all of the Judge's sons to their children and their nephews and their nieces and their cousins. The principle was that one must try always to be more considerate of another member of the family than of one's self.

Listed in those blue and yellow record books of A. W. and Dick were many parcels of real estate and a variety of property, but the biggest items represented their holdings in certain great companies which they had nurtured. In point of value certainly the Gulf Oil Corporation would belong at the head of any such list. Then came the Aluminum Company of America, Standard Steel Car Company, McClintic Marshall Construction Company, the Carborundum Company and the Koppers Company (of which I shall speak later). Eventually, those books likewise became the record of gifts to projects dear to the hearts of these two brothers.



CHAPTER XXXII

The Mellon Institute

A. W. believed in business as an irreplaceable instrument for keeping humanity fed, sheltered and clothed on an increasing scale of comfort and convenience. He was proud of any business enterprise with which he was associated that was doing a good job. But he saw clearly that to find fresh opportunities in business it was no longer enough to go to visible frontiers in the Dakotas or elsewhere in the Far West, or to yet undeveloped continents. To A. W., even in my extreme youth, science had represented the greatest and least exploited field of opportunity.

Science to him was an inexhaustible "mine", with a pit-mouth for every human need or problem. He saw that eventually "ore" produced from such pit-mouths might be transmuted into wealth sufficient for all conceivable human needs, so that no one would ever need concern himself about the division of wealth, but only with justice and peace. But he also saw clearly that science alone could not generate and spread riches effectively. For that, he realized, business activity was required. The most fanatical socialist believes in socialism no more firmly than A. W. believed in business.

By 1930, when a systematic "mining" of science had been going on under the aegis of A. W. and Dick for more than a score of years, an enormous tonnage of materials for a new Mellon venture began to arrive in Pittsburgh. Sixty-two

gigantic monoliths which were a part of that freight were evidence in themselves that what was to be sheltered was a thing that the Mellons venerated, something they believed to be as much entitled to temple beauty as anything the ancient Greeks had cherished.

All this material was for the new home of the Mellon Institute of Industrial Research. This institution, as far as I know, continues to be unique among the philanthropies whereby men have sought to have some good purpose carried on beyond their term of life. It is unique because it practically pays its own way and conceivably could be a profit making institution simply because it is so extremely useful.

When that fine building was dedicated—in May, 1937—Richard B. Mellon had been dead four years and Andrew W. Mellon was nearing his end. Now, if the Mellon Institute had been thought of only in the final years of their association, I would be obliged to choose words less positive in offering this philanthropy as evidence of ingrained altruism. But I can show that the creation of this institution positively was not something which they accomplished because, as the cynical phrase has it, “you can’t take it with you.”

The Mellon Institute was conceived out of an incident that occurred in A. W.’s Pittsburgh home on a summer evening in 1909. A young Frenchman was coming there each evening that summer because A. W. yearned to speak French fluently enough to travel abroad in comfort. He had telephoned a school of languages in Pittsburgh and asked for a tutor. The young Frenchman who was sent spoke no English. He was vivacious and friendly as a puppy; but in one particular he was like most people. The minute any

stranger got hold of A. W. it seemed natural for him or for her to try to turn the meeting to good account. It was as if A. W. himself were the philosopher's stone. Anyone lucky enough to hold that in his hand would certainly try to touch it to some object of his own.

Against the background of Pittsburgh, it was natural for this young Frenchman to write to his father that he was associating every evening on terms of friendship with a powerful American industrialist; and it was natural, too, for the French father to implore his son to bring to the attention of Mr. Mellon a "discovery" of his which, if exploited, might make his fortune.

One morning, when A. W. came to the bank, he had in his breast pocket a letter from the father of his young French tutor, and he spoke to me about it. The letter received just as careful consideration from him as if it had been received from a man with a record of successful discoveries in chemistry. The result of my conversation with A. W. was that the letter was turned over to the man whom I had placed in charge of the Gulf Oil Corporation as its general manager. This man, instead of merely reporting what was true—that the Frenchman's supposed discovery had no practical value whatever—went to further trouble.

With his opinion, he submitted a recently published book entitled "The Chemistry of Commerce", by Robert Kennedy Duncan, professor of chemistry at the University of Kansas. Probably, if Dr. Duncan himself had searched over the world, continent by continent, he could not have found a more receptive reader for his book than A. W. Mellon nor anyone more capable of reacting to it powerfully.

Professor Duncan had written: "It is no mistake to say

that American manufacture is a chaos of confusion and waste . . . The confusion and waste, it should be said, are chemical, not mechanical. . . . But mechanical contrivances are but a small part of the operations of modern industry. Since every manufacturer deals with the modification of substance and substance is the business of chemistry, every manufacturer is just exactly to that extent chemical. That this fundamental truth has not in the past been recognized is due largely to the fact that manufacturers of the last generation were, generally speaking, men endowed with great natural abilities but of small education . . . men who, starting as factory hands, worked themselves up through the grades of foreman and superintendent to managements and presidents. To such men, science and all scientific methods meant literally nothing. It was outside their ken and they had all the impatience and disdain of the practical man for what they called the theoretical fellow . . .”

A. W. knew this to be true, although it was not in the least true of companies in which the Mellons were heavy investors. Indeed, Dr. Duncan had noted in his book that the larger American companies had begun to employ expert scientific advice with huge resulting economies but had kept their improved processes strictly to themselves so that the situation of the small manufacturer had grown more and more intolerable.

The question coming to Dr. Duncan from every quarter of the English-speaking lands and from manufacturers, large and small alike, was: “How can we utilize modern knowledge?”

To this question, Dr. Duncan’s answer was a program which appealed to A. W. because it put into precise and

authoritative words a belief which he had been formulating behind a banker's desk for many years. The Duncan scheme was being tried already at the University of Kansas. By its means, manufacturers were offered the privilege of establishing in the university a temporary fellowship for the investigation of a particular problem, the solution of which would mutually and materially benefit both the manufacturer and the public.

The offices of A. W. and Dick Mellon were adjoining rooms, separated only by such a swinging door as provides a saloon with semi-privacy in summer. The brothers were in and out of each other's rooms at intervals every day. That arrangement had been invoked by design. They required no privacy from each other. Naturally, A. W. asked Dick to read the book. When his brother had done so, they discussed it fully.

For at least a year both had been eager to find some more than ordinarily significant and worth-while project for their philanthropy that would be a suitable memorial to their father. The Judge had died on his ninety-fifth birthday, February 3, 1908. After they had agreed that this Duncan scheme probably was exactly right, they invited Professor Duncan to Pittsburgh for a full discussion. He came. When he left, the Mellon brothers were convinced more than ever of the rightness of the Duncan plan.

They then invited Dr. Duncan to come to the University of Pittsburgh, promising to give him ample support if he would organize for them there an institute of industrial research, one that would be pretty much the same as the one which he already had functioning in a small way in Kansas. Dr. Duncan agreed.

According to the Duncan plan, the University of Pittsburgh was to provide laboratories and other appropriate facilities to Dr. Duncan and give general supervision to all his undertakings. Each problem and the money to pay for its solution or attempt at its solution were to be provided by a donor. This donor was to be usually—although not necessarily—a corporation or other business concern. The third project would involve retaining some scientist to take charge of a particular investigation. From its inception this whole scheme represented to A. W. a plan for an engine to serve as a prime mover for industrial progress.

There were only two really well-organized research laboratories in existence prior to the establishment of the Mellon Institute. General Electric supported one; the DuPont Company the other.

An incalculable part of the value of the Mellon Institute has been its power to show the managements of industrial enterprises the value to their institutions of regularly functioning research organizations. Today, distributed over the country in industrial laboratories, there are some 1200 men who received their research training at the Mellon Institute. Indeed, the Mellon Institute illuminated for business management everywhere in the country the tremendous free and open field for enterprise represented by scientific research.

After Dr. Duncan arrived in Pittsburgh, he seemingly had his whole scheme ready for a building. A. W. and Dick had, at the time, identical mahogany desks that had been made to order. Each end of these desks contained a disappearing shelf. When these shelves were pulled out full length, a desk normally of relatively modest size became an im-

mense piece of furniture on which large maps and blueprints could be unrolled. Many and many a plant contributing its smoke to the atmosphere of the Pittsburgh area today started into reality on one or another of those desks. When Dr. Duncan had his plans unrolled on A. W.'s desk he received a disappointment. A. W., after a few vigorous puffs at his stogie, said: "That is not the way to begin."

Dr. Duncan, crestfallen, rolled up his plans. Then A. W. explained that they should first convince themselves by a test that the scheme was entirely feasible before they adopted it in such a big way.

A. W. suggested for the Mellon Institute at the start a small, inexpensive structure. Professor Duncan readily agreed to start on a smaller scale. So the first temporary home of the Mellon Institute on the University of Pittsburgh grounds actually cost only \$10,000. However, after a year or so, Dr. Duncan's elaborate plans again were unfurled on A. W.'s desk; and except for a few details the structure erected in 1914 conformed to those plans. This building served until the temple-like home in which the Institute is housed now was dedicated and occupied in 1937. Sadly enough, Dick Mellon could not be there to see this beautiful materialization of something A. W. and he had been sponsoring for so many years in honor of the memory of their father. Dick, as I said, died in 1933, after a brief illness of pneumonia.

In 1910, when Dr. Duncan came to Pittsburgh, he had left in charge of his Kansas institution an energetic, aggressive and able assistant, Dr. E. R. Weidlein. When the Kansas and Pittsburgh institutes were consolidated in 1913, taking the name Mellon Institute of Industrial Research, Dr. Weidlein

came to Pittsburgh. Consequently, he has been associated with the Institute really since its prenatal days. Dr. Duncan died in 1914, before the completion of the building which he had designed. Dr. Weidlein became director of the Mellon Institute in 1921 and has been its leader ever since.

The scientist engaged on a research assignment needs a variety of services. Young Charles Martin Hall, trying to discover a way to reduce aluminum from its oxide, conceivably might have progressed more surely and faster in a better-equipped laboratory than his home workshop. And Hall's success does not eliminate the possibility that many another such research effort may have failed for want of such aids as are provided at the Mellon Institute.

In some ways young scientists at the Mellon Institute are better off than their fellows who work in laboratories supplied by business concerns of moderate size. Even if a business has a laboratory located in its plants, it is unlikely to have a chemical storeroom such as the one at the Mellon Institute. It is unlikely to have a glass blower ready to co-operate with a young scientist when he needs that kind of co-operation; and it certainly will not have such a library as the one at the Mellon Institute where researchers share the use of more than 20,000 volumes. They also have a repair and construction department outfitted not only with machines but well staffed with mechanics, including steamfitters, electricians and a variety of other artisans. They have at their disposal an instrument repairman, a draftsman, a photographer and a glass blower who is a wizard at his craft.

Moreover, for more than 16 years, an analytical department has lifted from the shoulders of the researchers such drudgery as routine analyses. Thus, they are permitted to

stay most often at that level of their intellect where the imagination can play. In that manner, this Institute, born out of philanthropy, furnishes a very complete line of services at a very low cost. One may safely prophesy that for generations to come its work will go on being useful. It would be almost impossible fully to appraise its work but there is a clue in the fact that more than \$11,000,000 has been paid by donors to support fellowships since the Institute was founded and that support shows signs of widening steadily and impressively.

I remember standing one day across the street from the busy scene where the fine structure that now houses the Mellon Institute was taking shape. I was with my father, A. W. and Dick. Among ourselves we had established enough industrial business enterprises to give our opinion some authority. It was clear to us then that what we were looking at across the street represented a means of developing more opportunities in the future than ever had existed in the past. But the four of us were thinking less of the institution than of the man whom it was intended to honor. Because of our deep affection and reverence, it was difficult for us to regard Judge Mellon objectively, but we were certain, and said so among ourselves, that he had made this a better country by living in it; and it was our conviction that the country increasingly would become better and stronger because of this institution.

Stronger, undoubtedly! The entire synthetic rubber program of this country was worked out in the Mellon Institute before people even began to appreciate how dependent they had become on the supply of rubber. That complete rubber program—all the information necessary for the making of

synthetic rubber—was turned over to Bernard Baruch and his associates, when they were appointed to clarify a situation that was already clear in the Mellon Institute.

I can show something of the tremendous influence of the Mellon Institute on America and American industry by the experience of the Gulf Oil Corporation. In 1927, through Gulf, we founded a multiple fellowship in the Institute for the purpose of investigating major problems in the winning, storage, and transportation of crude petroleum. Dr. Paul D. Foote was selected for the senior fellowship. He had distinguished himself at the Bureau of Standards in Washington by his researches in physics. All this work had been performed in terms of pure science without direct industrial implications. It did not take Dr. Foote and his aides very long to demonstrate many ways in which we could improve our methods.

By 1929, this Gulf fellowship at the Mellon Institute had increased its personnel to such an extent that it was decided to build for it a separate laboratory near the Institute. Dr. Foote and his associates moved into that building early in 1930, but even this was not sufficient for Gulf. It is hard to express in a few words the complexity of activities I mean when I say "Gulf". More than 30,000 people are co-operating in the business of this corporation. In a manner of speaking, what Dr. Foote was engaged to do was to keep all of us at work when we could no longer follow our old channels and methods.

The Gulf Research and Development Corporation was organized and Foote became an executive vice-president. By 1934, the research work had expanded to such an extent that it was necessary to construct three new laboratory buildings

near Pittsburgh, at Harmarville, to house the staff and the equipment, which Dr. Foote was directing. Spatially, the needs of those scientists had expanded fourfold in four years. Actually, the expansion had been greater, because, as of January, 1930, the Gulf Laboratory staff totaled only 90 scientists and engineers, whereas, in 1935, the staff totaled 450 and problems of the oil business requiring scientific answers had taken 200 of them to goals in oil fields all over the world, wherever Gulf was operating in its worldwide activities.

I can remember the conversations of oil men in my grandfather's home when I was a little fellow. In the evenings they would sit around and squirt tobacco juice in the fire and talk about the oil business and I would be there listening, trying to be inconspicuous so I wouldn't be sent off to bed. The consensus was that before I was 25 years older there wouldn't be any more oil. Now I am well over three-score years older and there is more oil available than there ever was before.

After years of pondering, I have come to the conclusion that the available supply of oil is directly related to the tensile strength of steel. The stronger the steel, the deeper we can put down wells. When I was 20 years old or so, with the best possible means we could drill wells only four or five thousand feet deep. When you are drilling a well, you keep lowering the pipe casing into the earth. As each new section of pipe is screwed on at the top, the weight suspended in the well increases. After you are down 10,000 feet, tons and tons of steel pipe are hanging on the thread of your pipe. When we were limited to five or six thousand feet that was because the steel of those threads wouldn't support a greater weight

of pipe. If we tried to go deeper, the threads would break and the pipe would drop down into the hole.

Naturally, then, some of the earliest challenges we issued to Dr. Foote were to find answers to metallurgical problems. So his early researches under Gulf Oil fellowships related principally to metallurgical and corrosion problems and to drilling practices. One effect of science on the oil business is to be seen in the fact that nowadays men commonly put down more than two miles of pipe and are talking about drilling to a depth of three miles. That calls for three miles of steel pipe casing hanging from the threads of the topmost section. That advance has been made through metallurgy. My belief is that we shall go to far greater depths as we make further advances in metallurgy.

In the light of such developments I find myself impatient when anybody asks me about full employment or technological unemployment or a static economy. The work of the Mellon Institute alone should be proof enough for any really inquiring mind that the sum of the existing wealth in the world is literally as nothing measured beside the wealth we can create.

I have only hinted at the effect of a staff of scientists on the operations of Gulf Oil Corporation. Other big corporations could make similar reports, no doubt. But there is another side to the work of the Mellon Institute. Already about a dozen big corporations exist and generate wealth out of beginnings at the Mellon Institute. To cite one: the Union Carbide and Carbon Company had its beginning in a fellowship of the Mellon Institute. The donor put a scientist to work and the result was new wealth for the nation. There is always a waiting list of companies prepared to become donors in sup-

port of new fellowships. New problems are accepted only when Dr. Weidlein determines that there is available a capable research man. When there appears out of a research project something new that can be exploited commercially, it is customary at the Institute to proceed with the inquiry to the point of creating a pilot plant. In consequence, over and over, there has moved out of the organization a fully-formed, infant business ready to grow as fast as that business develops and finds a market for its product.

Through grants made by philanthropic organizations and by public spirited individuals, a number of researches have been carried on for the direct benefit of the public. Very often these are comprehensive studies in the realm of pure science. An example was an elaborate study of something most important to Pittsburgh: all phases of the urban smoke problem. Another typical one was a study of the cause and prevention of dental caries.

In ways not sufficiently appreciated by the public, much of our strength as a nation exists in these great industrial enterprises. No sensible man would say today that courage alone can keep a nation secure in the modern world. Much more is required. I cannot undertake to define the whole thing but much of it depends upon a close association between business and scientific effort. In this connection, it is believed by Dr. Weidlein and others that possibly the greatest single contribution of the Mellon Institute to the potential military strength of America came from research work concerned with the recovery of toluene from carburated gas water.

The solution of that problem was reached so quickly that, at the end of World War I, toluene was available at the rate of a million gallons per year. Toluene is required in the

manufacture of TNT; when the demand for this hydrocarbon ceased after the end of World War I it might have disappeared, as an unused muscle atrophies. Happily, a Mellon Institute Fellowship developed a new method of gas purification in which much of the toluene recovery equipment was kept in operation in peace-time. The same process is now used for natural gas and the nation has been made just that much stronger potentially in a military sense. The fact that we had toluol at all was something we owed to another enterprise, the Koppers Company, which was strong because of another Mellon investment.

CHAPTER XXXIII

Stranded In Italy: 1914

ALo W. began negotiations with the Koppers Company in 1914, but at that time I was in Europe. In the early summer of 1914, I had gone abroad with my wife and our four children. We reached France in early June.

After a coaching trip, we had reached Italy on August 1. Only then did we become alarmed. When we arrived at the Hotel Excelsior at the Lido near Venice, there was great confusion. All the hotel waiters had vanished and so had our chauffeur. They were Frenchmen. Frenchmen had been called to the colors. But it was not until the following day, August 2, 1914, that I was really awakened to the danger. After a swim we were all lying on the sand when the hotel manager approached me.

He said: "The situation is worse than bad. It is dire. If you are not supplied with money, Mr. Mellon, I advise you to try to get enough to take you to America."

"But surely I can get money at the banks."

"No. All closed. Indeed, from now on, as to any question on what you may do or where you may go, the answer is likely to be 'Impossible!'"

The next morning I went into Venice and soon found conditions quite as bad as the hotel man had predicted. Each travel agency was besieged chiefly by American tourists for whom the Italian employes could do nothing but shrug their

shoulders. I wanted cash, so I went to the telegraph office and wrote out several messages. The first was to the son-in-law of the president of the Deutsche Bank in Berlin, a man named Strauss, whom I knew well. But the Italian girl behind the counter flashed her black eyes disdainfully. "We can't guarantee delivery," she said and tried to push the message back to me.

"Take it anyhow," I said. I could see no reason why a message from neutral Italy could not go through neutral Switzerland into Germany, but as a hedge against the unforeseen, I filed a cablegram to the Mellon National Bank in Pittsburgh and also sent a telegram to our Paris office. Each of these messages asked for money.

A short while before this, our attorney in Texas had sent me a letter, asking me to call on his young friend, the newly appointed United States Consul at Venice. That seemed to me a lucky break. I found that the shield of the United States consulate was fixed to the wall of an old Venetian palace near the Grand Canal. When I opened the door, I found myself gazing at a scene that suggested a chamber of horrors. The place was a mad-house. There were between three and five hundred frantic people, most of them women. Probably a majority of them were schoolteachers. All seemed to be uttering lamentations or crying. They were bewildered and frightened because the usual channels for getting money were closed. They wanted just one thing: to get home.

I found a Venetian employee of the Consulate and gave him my card. In a few minutes out pounced a young American wiping perspiration from his forehead. It was the Consul and he was as frantic as any one of his visitors. He said: "Mr. Mellon, you find me in a hell of a fix."

"Well, I'm trying to get some money."

He said, "Sorry. I'd like to talk to you, but I just can't talk here. Will you come to my house tonight? I live upstairs."

After I had had my dinner I went again to that old palace and made my way upstairs. But a large part of those stranded schoolteachers were bivouacked there. Presently the Consul appeared and said: "There's no chance to talk even here."

"Where can we talk?"

"How about a gondola?"

So presently the two of us were in a gondola, afloat on a Venetian canal, talking over the situation.

This young Texan was about 35 and really in a mess. He said: "I have only recently arrived and have scarcely had a chance to find out what the routine duties are. And now look! I'm bound to take care of these people, and I want to take care of them, but I lack even the money to pay for printing the required application forms. Each hour that passes with me doing nothing seems to drive these women just a little more crazy. But if I could get my hands on a thousand dollars or so I could get everything straightened out."

I had gone to the Consul, hoping for help myself, but the upshot of our conversation was that I told him that I thought I would soon be able to lend him some money to cover the emergency.

That was a comfortably-cushioned gondola, and we had cigars, and our progress through the water was easy and pleasant. Suddenly we found ourselves almost under the fantail of a big American yacht, lying at anchor. One of the open portholes framed a man's head, and we hailed him to

ask whose boat this was. Back came the answer in a thick Irish brogue. She was a New York yacht. At the moment the yacht seemed to the Consul to be the answer to his prayers. He said: "If only I could get possession of that yacht by charter or by commandeering it, it might solve my problems. What do you suppose it would cost?"

He was genuinely and properly worried for fear Italy would become engulfed in the war before all those touring American women could be sent away in safety. If he knew what it would cost to charter the yacht he could state his request for authority in precise terms. So I said: "I can find out for you through our marine department in New York."

My next message was to the New York office of Gulf. And it created a furore—not only there, but in Pittsburgh and in Boston. Both A. W. and Dick supposed I was in difficulties. But, in New York, the head of our marine department, instead of answering my question, which was a simple one, as to what the charter rate for that yacht would be, went out and chartered somebody's yacht. I didn't want any yacht. I wouldn't have had a yacht on a bet. But in New York, having chartered one, they provided it with a crew and stores, and they were in a mood to have an expedition. Our treasurer was Mr. John E. Nelson, and he was bound to make the trip to my rescue. During a week of these proceedings, I never got an answer to my message. When it finally came, informing me of all they had done, I peremptorily directed them to cancel. It was a lucky thing for Nelson, because in a day or so he became an emergency appendicitis case. At sea, he certainly would have died. To cancel that charter cost me \$18,000, which is just an indication of what offhand talking can cost you.

However, the morning after my gondola ride I had a reply from Berlin, signed "Strauss". It said: "We own a bank in Venice and I have telegraphed directions for them to open the back door and let you in. The men in charge will give you any money you want."

I went to the back door of the bank and gave a discreet knock. It was opened four inches. Peering out was a slim bank clerk with shoe-button eyes. After he let me in he behaved as if the bank was mine. He said: "You may not get another chance, so you'd better take enough this time."

I got \$5,000 in Italian lire and as one lira was worth about twenty cents at that time, it made a huge packet. I was stuffing this bundle inside my coat when the clerk warned me that the cut-throat and footpad populations of Venice had not decreased since the time of the Doges. So I distributed it less conspicuously through all my pockets, and then went to the American Consul. I made him happy with enough money to get his printing done. Still it wasn't clear to me how the W. L. Mellon family was going to get home.

We moved on to Rome and there met the United States Ambassador, Thomas Nelson Page. He showed my wife and me advices that he was receiving from the State Department concerning ships that might be sent to ferry home all Americans stranded in the path of the European war. I concluded that there was no use hanging around Rome and took my family down to Sorrento, where we moved into comfortable quarters. Then I went to Naples and hunted up an Englishman named Pierce. He and his son had some cargo ships running regularly to New York and New Orleans. We had done business with them.

I found the two men unutterably sad. Only a short time


before the outbreak of war, a terrible earthquake and volcanic eruption had killed thousands of Sicilians. Among those killed were all the members of the families of these two Englishmen. Pierce and his son were the only survivors. Despite his recent sorrow, Pierce, after we chatted, told me about the steamship *San Guglielmo*. Pierce said: "I'll be glad to let you engage anything you want aboard this freighter which has accommodations for a few passengers."

I inspected the cargo ship. My party included four children, a governess, and two others, besides Mrs. Mellon and myself. So we needed space. I engaged a suite of three or four rooms and made the deal firm. The ship was not to sail for three or four weeks but that mattered little because we were comfortably fixed at the Hotel Vittorio at Sorrento.

I hired a sail boat rigged with a couple of sails of vividly-colored canvas. She had a crew of two sailors who, with their earrings and their gaudy costumes, might have walked on the stage without attracting unfavorable attention during a performance of "The Pirates of Penzance." During several weeks of sailing in the care of this piratical pair we became friendly. When I paid them off I supposed we had seen the last of them, but I hadn't been back in America very long before I received a memo from our New York office. Our picturesque sailors from Sorrento, it seemed, were really residents not of Sorrento, but of Sullivan Street, Brooklyn, and they were back home and wanted jobs.

The day before our ship was due to sail, we left Sorrento for Naples where we went shopping. We filled wicker baskets with wine, fruit, cheese and salami. We brought jars of brandied fruits and other delicacies, as insurance against the probability that the ship's fare would be none too good.

When we arrived at the pier, it was swarming with a thousand people all trying to get passage on the *San Guglielmo*. Just about half the Americans who had been marooned in Rome, it seemed, were in the crowd. All had arrived the night before and Pierce had decided to turn his freighter into a passenger ship. He had bought bales of burlap and tin wash basins by the gross, and, in the dark cargo spaces down in the hold of that ship, he was making what seemed like miles of flimsy staterooms. In place of berths there were cots. For that whole ship there was only one bathroom. Many of the people who were eagerly engaging these accommodations were accustomed to luxury. Some were Baltimore people whom I had known before. Happily, we had a smooth passage and nearly all of those people slept not in the burlap "rooms" but on deck, or in lifeboats, and breathed good, fresh air all the way home. After a twelve day passage the *San Guglielmo* docked at her Brooklyn pier on the morning of September 3, 1914.



CHAPTER XXXIV

Kopper's Ovens

A room on the third floor of the Duquesne Club in Pittsburgh was where A. W. and R. B. Mellon went to luncheon every day during many years. A kind of club within a club met in that room; a "coterie" if you belonged to it; a "clique" if you did not. In the Duquesne Club there were and still are a number of similar groups of cronies meeting habitually for luncheon or in the evenings for poker. But the members of the group to which my two uncles belonged were tacitly recognized as "the big boys". That group began informally but picked up customs and traditions with the passage of years and the graying of hair and moustaches. Close as I was to A. W. and Dick, I was not regularly a member of this luncheon group until after Henry C. Frick died; then I was invited to take his place. However, as a young fellow I was often a guest of the group and so I was entirely familiar with it.

After these men had shared thousands of hours of companionship in that special room of theirs in the Duquesne Club, they developed legends and crotchets and rules. Just as each of them had numerous other warm friends outside this circle, so they were bound to each other by differing bonds within the circle.

Terrific responsibilities rested on those men; but they gathered each day at the luncheon hour in the mood of boys

released from school. In their company, A. W. was neither shy nor diffident nor quiet. Robert Pitcairn is the first of the group who comes to my mind, possibly because he was distinguished each day by the pint of champagne that stood at his elbow. He was boss of the Pennsylvania Railroad in the Pittsburgh area. Pitcairn makes me think of Mr. McConway, of the firm of McConway & Torley. In the early days of the group Mr. McConway had been a sort of dean among these men. His firm held patents on automatic couplers and other devices that had advanced railroading; the manufacture of these things of steel added appreciably to the smoke of mill and foundry that clouded our Pittsburgh skies.

Judge James Reed, Pittsburgh's foremost legal mind, was a venerable member of the luncheon group. Senator David Reed of Pennsylvania is his son. Then, later on, Judge Reed's partner, Philander C. Knox, joined the group and was there daily during many years except for those periods when he was in Washington as Attorney General and Secretary of State. "Jack" Leishman, Vice-Chairman of the Board of the Carnegie Steel Company, was also a member, both before and after his diplomatic service. But the one A. W. looked for almost wistfully any time he wasn't there was Henry Clay Frick. The two would talk about coke or banking, or Rembrandts, Whistlers, El Grecos and Raphaels, or mutual friends abroad and at home.

Some of these Duquesne Club cronies were rich and became richer; some were not rich. Riches really had little to do with one's being selected by those men to join their private masculine heaven.

Many supposed that these men had "inside" knowledge of business affairs that would make anybody's fortune as

readily as drawing the capital prize in a lottery. Once upon a time they came to accept this idea among themselves. There was always a quart of whiskey at the center of the table as the luncheon began, in case anybody wanted a drink, and usually several did. The invariable custom was to match or shake dice to see which unfortunate would pay for the luncheon, including the bottle of whiskey.

After this contest had gone enough years to establish the certain operation of the laws of chance, they decided to pool some funds and consolidate their judgment as to certain stocks. With the profits of this speculation, they planned to create an income-producing fund that would forevermore pay for the luncheons of the group. I have forgotten what stocks were bought—and there is no one else alive now who might remember A. W.'s contribution of information to that pool was, of course, regarded with respect. But when, along with every other selection, the stock he had chosen went down, away down, his friends teased him unmercifully. When someone demanded to know where he had gotten his tip, he replied naively that he had read about it in the newspapers. So, having lost their stock market stake, they resumed their matching.

Of course, A. W. was entirely familiar with the mechanism of the stock market and undoubtedly he employed it many times. But, I think, he never speculated in the way that people speculate who buy stocks or commodities as if they were betting on horses. Of course, he was taking risks whenever he invested; but the risks were carefully calculated. Furthermore, having risked his money, A. W. was not concerned with quick profits. Habitually he was concerned with the development or creation of a strong business enterprise

of vital importance to the country as well as to A. W. Mellon.

His air of detachment, as he walked along the street or passed through some corridor, was simply the behavior of a man hard at work, thinking. Yet many people who frequently saw him in such circumstances never seemed to understand that his out-of-the-world manner was masking a thinking process that was just as concentrated as steam in a boiler. It is my belief that he never made an important investment without spending many, many careful hours in thoughtful consideration of every aspect of whatever the proposition involved. If he possessed intuitive power, he must have distrusted it because his whole reliance was on thorough consideration; never on "brilliant" snap judgments. Sometimes he may have seemed casual in entering into some investment, but you can be sure that he was not casual. Often he used to say: "There is luck in leisure."

After lunching at the Duquesne Club one day, A. W. was in a typical state of abstraction when he was stopped short by the sight of Henry B. Rust. Mr. Rust was a Virginian, identified then with the Rust Boiler Company. His business had made him well acquainted with the steel mills and steel men of the country, and he had made a good place for himself in Pittsburgh during the preceding dozen years or so. A. W., confronted by him, was troubled for a moment to switch his mind from whatever had occupied his thoughts to some other important matter symbolized for him by Mr. Rust.

"Mr. Rust, what was that business my brother and I were going into with you?"

Rust was astonished and possibly dismayed by this apparent vagueness because "that business" was a vital matter

in his life just then. In later years of fine success he developed this episode into an amusing anecdote, for it so happened that the business in question was one in which he and certain others had been hoping that the Mellon brothers were "interested" to the extent of possibly a million or a million and a half dollars. He replied: "Why, Mr. Mellon, it was by-product coke ovens we talked about. You remember, Koppers."

"Of course," replied A. W. "Why don't you come to see me?" A. W. had just returned from a Massachusetts summer place not far from "Eagle Rock," Henry C. Frick's place at Pride's Crossing, and he had spent much time that summer in the company of Mr. Frick. This is significant because no man in the world was better posted on coke than Mr. Frick, and I have no doubt that during that summer some of their conversations had dealt with the potentialities of this matter which A. W. was now ready to take up with Mr. Rust. That was in 1914 and the proposition, which had first been brought to A. W.'s attention in the previous spring, was a chance to buy control of the American business of a German subject, Heinrich Koppers.

All that summer A. W.'s head had been almost literally in the clouds, somber clouds that were formed by a part of America's strength that was being squandered for want of some economically sound means of capturing it. Because the important factor in our industrial beginnings had been cheap coke rather than coke by-products, this neglected wealth incessantly was rising in smoke-like clouds from beehive coke ovens. Acres of these structures had been built by A. W.'s friend, Mr. Frick, years before; and by night they glowed in fiery patches all over western Pennsylvania's coal

fields and many places where coal was constantly being carbonized into coke.

Our steel industry's ravenous appetite for coke was symbolized, in turn, by myriads of thick, acrid pillars of smoke from the stacks of the steel plants themselves, not only of Pittsburgh, but of Wheeling, Youngstown, Cleveland, Chicago, Duluth, Pueblo, Gadsden, and many other places. Of course, much of the gas that was released in the steel plants' bee-hive oven coking process was ingeniously piped back into the operation to serve as fuel for the cooking. Any gas light and any gas range in America was a reminder of some big gas works likewise contributing its smoke-cloud share of a colossal industrial waste of coal values. The gas plants in America treating coal in retorts were just about as negligent of the by-products of the coal as the steel plants.

It would have been well-nigh impossible to find anywhere one better informed about the coke industry than Mr. Frick. Nor was there anywhere, probably, a more capable industrialist. So, if this waste had gone on under Mr. Frick's eyes, it had certainly not gone on unobserved. Probably he had been devoting thought to this waste for more than 40 years prior to the summer of 1914, when he and A. W. were often together at Pride's Crossing. I point this out only because it is significant that, prior to this important investment, A. W. had kept himself in contact with an intellect which had a broad and understanding grasp of the whole subject of coke and coking and by-product waste.

Actually, in those elusive and almost impalpable tars that men had been dissipating in the skies in their use of millions upon millions of tons of coal, there was just such a problem as Professor Jewett had posed to his students at

Oberlin, when he implored each of them to consider how importantly a man would serve both the world and himself if he should find a way to reduce aluminum from its ore.

Each tiny chamber in the cellular structure of a piece of coke was evidence of the waste that was going on. The shiny hard black stuff that had melted out of the space as a sticky fluid was swiftly changed to a volatile gas, which vanished into air. Most of the coal tar released by the coking process in a bee-hive oven was lost, although in some later ovens, in the form of gas, it was used as fuel to heat the ovens themselves.

Yet the very fact that the managers of gas works regarded their gas as the main product and coke as a nuisance was a constant reminder to some minds that the whole problem had not been solved. Of course, gas-house coke was produced less cheaply than bee-hive oven coke. Most gas-house coke was sold to householders for their grates, furnaces and kitchen ranges; it was as "smokeless" as charcoal.

Somewhere between these two producers of coke, the retort of the gas manufacturers and the bee-hive oven manufacturing coke for the steel industry, was an unshaped solution to the tantalizing problem of recapturing riches from this waste. Many ovens that could properly be called by-product ovens had appeared in the world. As far back as 1876, at Sulzbach near Saarbrücken in Germany, ovens had been devised and built that were intended to remove sulphur from coal so that the coal could be used in making iron. Those ovens had been designed to make not only sulphur-free coke but to save oil, tar, ammonia and soot. They were by-product ovens all right, but were not really suitable for the

steel industry of this country, which had to have *cheap* coke if the nation was to have cheap steel.

The first really revolutionary steel plant coke ovens to appear in the United States were built in 1907 for the United States Steel Corporation plant in Joliet, Illinois. These ovens were totally unlike the familiar bee-hive ranks of the ordinary coking plant. Instead of passing off into the sky, gases generated in those ovens were trapped. Some were piped beneath the ovens to keep up the oven heat; some were carried to the blast furnaces; but a wealth of that gas was cooled down into a tarry solid. The tar of this operation was the actual ore of a potentially great chemical industry.

The inventor of that by-product coke oven was Heinrich Koppers. When he began to construct those ovens at Joliet, Koppers was 35 years old. Most of his life had been spent in Germany. He had been born on his father's farm on the Lower Rhine and started his career in industry working for a concern in Germany that trained him to build coke ovens. Seemingly, this firm had carried the coke oven art considerably forward. Thereafter, in 1889, Koppers designed and built his first battery of ovens for a man destined to become known in later years as the foremost German industrialist—Hugo Stinnes.

Relatively few by-product coke ovens had been built in the United States in the seven years after that first one was put together in Joliet. But in Germany there were many Koppers ovens and by means of those ovens, millions of tons of German coal were being made to yield the raw materials for the death and destruction that Germany was preparing to wreak upon the world.

Koppers had a genius for invention and development.

There is no space or need to describe here the various kinds of gas nozzles, slide dampers, draft regulators and gun flues that he contrived in massive forms of awe-inspiring appearance as he went on improving ovens in which coal was changed not merely into empty-celled coke but into both coke and what poured out of the coke—what we called the by-products.

By 1914, the by-products were about to assume in the world a really stupendous role. Mainly because an abundance of these same Koppers ovens gave Germany an unparalleled source of toluol with which to manufacture tri-nitro-toluol, Germany at that time felt herself ready to plunge Europe into war.

Koppers had approached two Pittsburgh men, H. W. Croft and Hamilton Stewart of the Harbison Walker Company, manufacturers of refractory brick and kindred materials used as linings in steel mill furnaces and soaking pits. He wanted to sell an interest in the Koppers plants in the United States. Koppers then had represented his company as being in need of additional capital to finance an expansion program, but there is excuse for believing that he was expecting war to begin.

Mr. Croft and Mr. Stewart concluded that \$1,500,000 would be required to buy control. Rust was enlisted by them to become manager of the business if it were bought, but there still was a big gap in their plans. They needed at least a million dollars more.

That was why Rust had put the proposition up to A. W. at various times during the spring, summer and fall of 1914. A. W. was discussing the Koppers oven deal with Stewart, with Croft, with Rust. Even before leaving for Massachu-

setts that summer he had consulted with Thomas Lynch, of the H. C. Frick Coke Company about the possibilities. Lynch believed strongly in the future of the Koppers oven. There are frequent references in A.W.'s diary of 1914 to the Koppers negotiations.

The trade for the Koppers Company was in its final stage when my family and I came home from Europe. A.W. told me all about it at the bank. He said: "This fellow Koppers has been in a hurry to get his money." But when A.W. was trading he never would be hurried. By that time we were no longer able to trade face to face with Koppers. Already he had arrived at a neutral port overseas.

When the deal was finally worked out there were five stockholders; A. W. and Dick together owned $37\frac{1}{2}$ per cent of the common stock; Heinrich Koppers had kept 20 per cent; and the rest was held by Stewart and Croft.

Whenever it was possible, A. W. and Dick wanted the headquarters of any business with which they were associated to be located in Pittsburgh. So, on the first of March, 1915, a little band of men arrived in Pittsburgh from Chicago. They numbered 67 and represented the "know-how" of Heinrich Koppers' business. Among them were such men as Dr. Joseph A. Becker, Joseph van Ackeran, C. J. Ramsburg, H. Doolittle, and H. B. Kirkpatrick. Some 30 of the original 67 are still active in the organization, which by 1946 had grown to more than 28,000 employees. A part of that tremendous growth was already indicated in the spring of 1915.

Almost from the day these men began working in Pittsburgh, the expansion of the Koppers Company proceeded at a furious pace. During the next three years Koppers

turned out not less than one complete coke plant every 60 days and a toluol and benzol plant every 40 days.

During those three years the Allies of World War I were almost utterly dependent on the United States for benzol, toluol and ammonia. America's supplies were being recovered in by-product coke ovens, most of them Koppers ovens. There can't be any argument about the utter dependence of the nations fighting Germany at that time on the Koppers Company of Pittsburgh. Practically all of the high explosives used to crush the aggressive German armies originated in the by-product coke ovens that the Koppers Company built for steel plants and gas works with amazing speed during 1915, 1916 and 1917.

The essence of that struggle against Germany was chemical; the by-products of American coke ovens against the by-products of Germany's coke ovens. I do not wish to be understood as saying that the Koppers Company won the war, but I daresay our side might have been in a more desperate plight had the Koppers operations been otherwise than efficient during those crucial years of 1915 to 1918.

Quite soon after April, 1917, when America got into the war, Herr Koppers' property interest in the business was seized by the Alien Property Custodian. About two months before the war ended, there was a so-called alien enemy sale at which the stock of Herr Koppers, representing a fifth interest, was sold at auction. The sale was well advertised but the only bid made was on behalf of a syndicate composed of Croft, Stewart, A. W. Mellon and Dick Mellon. These four thereafter owned the entire business. The price paid for Herr Koppers' stock was \$302,250, which represented just about par at the time. Mr. Croft and Mr. Stewart a year later sold

their interests in Koppers at a price of \$131 a share. So it is clear that the war-time bid had represented just about the actual value. Thereafter, except as death intervened, the ownership of the company was vested in A. W., Dick, Henry B. Rust (who was in direct charge of the business), Charles D. Marshall, and H. H. McClintic.

In the beginning it had been supposed that the Koppers concern would sell chiefly its engineering talents. But in 1917 the company began changing its course; it began to acquire property. First of all, at Ft. Wayne, Indiana, it bought the Western Gas Construction Company, the chief asset of which was an old foundry property. Next came the construction in St. Paul, Minnesota, and at Kearny, New Jersey, of by-product coke ovens to operate not for steel companies but for Koppers. This was the beginning of the Koppers Company as a great chemical business.

If ever there was a man with nerve it was A. W. and his nerve strengthened some of the people in the Koppers Company as their operations became visibly large. At the time I have in mind A. W. was established in Washington as Secretary of the Treasury and was giving attention to business only as one or another of us forced it on him. One morning, when I was breakfasting with him, at his Massachusetts Avenue apartment in Washington, he told me about the trials and tribulations of the Koppers men, who had become fearful of a mountainous stockpile of coke that was incessantly growing over on the Jersey meadows at Kearny, near New York.

The coke was simply a visible measurement of the fine new gas business which the Koppers Company had developed in the east. They were selling the illuminating gas pro-

duced in Koppers ovens to utility companies operating in Newark and Jersey City; and those are large cities. I remember chiefly how amused A. W. was by the fears of his associates in the Koppers Company. He told me that Rust was worried because they had all that coke and no market for it. Householders were reluctant to use it because, as I recall, it was high in ash; it was being made out of West Virginia coal. A. W. said to me:

“They ought to see the stockpiles of aluminum that are piling up in Canada out of a similar situation. Up there, power has been contracted for and consequently it is necessary to go on making aluminum even though aluminum is there in embarrassing amounts. It seems to represent waste, yet actually the wasteful thing would be to fail to use the power we have to pay for. So it is with this coke over there on the Jersey meadows. The Koppers Company must make gas to fulfill its contracts with these utilities companies and in making that gas they have to make coke.

“We will sell the aluminum, and we will sell the coke. I have never yet seen a big pile of fuel that didn’t find its way into furnaces.”

Sure enough, about three months or so after that conversation, John L. Lewis called all his miners out on strike. While they remained on strike the coal stockpiles of the country began to dwindle and disappear. Finally steel mills were shutting down their blast furnaces for lack of coke and that situation justified the calm with which A. W. had regarded that mountain of coke on the Jersey meadows.

One day Bethlehem Steel bought it all and such was their hurry for it that they shipped by train their own steam shovels and within hours after the steam shovels arrived the

first trainload of coke was on its way to blast furnaces. I was told later that the steam shovels picked up not only coke but some thousand tons or so of Jersey meadow mud.

The very fact that A. W. was in Washington and paying almost no attention to business had some bearing on the history of Koppers thereafter. I don't suppose a man ever lived who was more devoted to work than Henry B. Rust, under whose presidency the Koppers Company had its great expansion to enormous usefulness.

Rust was an extraordinary fellow. Just a prosy statement that what Rust envisioned was a chemical industry based on coal is scarcely an appropriate expression of his wonderful vision. In Henry Rust and the Koppers Company, A. W. had one of those combinations that in earlier years would have kept him enthralled. As I say, by this time, he was the Secretary of the Treasury and he worked at that job from early morning until dark and what was lacking from the Rust-Koppers combination chiefly was A. W.

For a while it grew too fast and too big and to some extent in the wrong directions. Nevertheless, Rust was a fascinating person to watch. You could see how he drove himself and others any time you encountered him on a train going to New York or Washington. Always he was accompanied by a number of his associates, most of them engineers. After a night on the train those fellows never waited to breakfast comfortably on terra firma in some good hotel, because Rust would shoo them all into the dining car so that they should not lose a minute of working time in the city they were approaching. They used to say that working for Mr. Rust was a stimulating and priceless experience but that, when

they saw him coming, they got rid of their cigarettes even if they had to swallow them.

Those 320,000 tons of coke on the New Jersey meadows were just one of a long succession of things that worried Mr. Rust and never would have worried A. W. Increasingly, after World War I, the Koppers Company spread into the coal carbonizing business on its own account. So it got into the coal mining business too.

Mr. Rust was striving to build up between the steel and gas people a profitable business serving both industries. He was operating on the theory that by specializing in coal, his company would know more about coke and gas production than either the steel or the gas people. But his eagerness to get business kept him pressing on and on when sometimes it might have been wiser to have let a contract go to some competitor.


If his staff failed in attempts to sell Koppers equipment to some gas company in need of modernization, Mr. Rust would step in and his way was to engineer a purchase of some of that company's stock—not necessarily enough for control but enough usually to get for Koppers the equipment business it was seeking. Time and again, as a result of this scheme of getting contracts to build ovens, Koppers found itself obliged in the end to purchase control of some utility company which was being not too well managed. It had to do this, in effect, to take over the customer for which it had built the by-product ovens in order to make sure of getting paid for its ovens. The business, after some twenty years, had grown from \$1,500,000 to over \$400,000,000 but since so much of that growth had resulted from the kind of expansions I mention, it is no wonder poor Mr. Rust's health failed.

Today, of course, Koppers is much bigger and has become an outstanding company in the chemical industry.

Out of those impalpable substances which used to rise and become nuisance clouds over industrial cities, today Koppers is making a whole catalogue of products enriching the lives of Americans. What once was wasted in smoke now ends in such diverse goods as drugs, dyes, explosives, disinfectants, engine fuels, vitamins, fertilizers, refrigerants, jewelry, clothing, and—in ever increasing amounts—beautiful plastic materials.

No one can say how far we may go with our schemes to recover and reconvert waste into wealth. Before many years, by a process of hydrogenation called the Fischer-Trop process, we may be transforming coal into oil. The hydrogenation of coal is an extremely interesting development. During World War II the Germans augmented their inadequate supplies of gasoline and lubricants by the chemical transformation of coal. Hereafter, whether we get our oil out of natural underground reservoirs or whether we get it out of coal mines is relatively immaterial.

In the United States there are stupendous deposits of coal suitable for coking, which, by means of hydrogenation, can be converted into oil. This, to me, is just further evidence that those people who have been worrying themselves for years about the supply of petroleum in the earth started to worry centuries too soon.



CHAPTER XXXV

Rachelwood And Rolling Rock

It was during the period when the Koppers negotiations were underway that plans for another project of quite a different kind began to grow in R. B. Mellon's mind. For it was about 1915 that R. B. first conceived the idea of Rolling Rock, which was to be for him what the yacht *Vagabondia* was to me and what Rachelwood was to my father. Of course, by that time Rachelwood had been growing for some years and had become part of all our lives.

My father's house at Rachelwood, his summer home, rears up from the crest of an Allegheny Mountain ridge in Westmoreland County. From the terrace or lawn, or best of all, from the top of the square tower of the house itself, the Rachelwood view is entrancing. This 3,500-acre estate which father and mother made so beautiful and comfortable straddles one of two widely separated ridges. Between the ridges is a fertile valley that has become a crazy quilt pattern of farm lands, their patches of brown and green fields tufted here and there by bits of darker woodland. But from Rachelwood one's gaze can travel beyond other mountain ridges to far horizons so as to see in a sweep of the eye hundreds and hundreds of square miles, tremendous areas of several Pennsylvania counties. The whole mountain setting is entirely lovely and unblemished, but in my father's time anyone regarding the same terrain from the *other* side of the valley

would have found the strangest thing in sight to have been something white and gleaming on the slope below the Rachelwood home.

What was emblazoned there caused a good deal of wonder among the people who dwelt in that valley. By all beholders except the few at Rachelwood this mysterious sign written in whitewashed rock against the greenery of our place was seen upside down and backwards. What most could see was an apparently meaningless X, an inverted isocetes triangle and a circle bisected by a bar. These cairn-like forms were $\phi\Delta\chi$ symbols for Theta Delta Chi, the Greek letters of my father's college fraternity. Such being my father's feeling about Theta Delta Chi, any member of the fraternity who turned up in Pittsburgh was sure of a hearty welcome from him.

Of course the whole place, as indicated by its name memorialized my mother's mother, the widow of General Larimer. But the architecture of the house was a kind of tribute to the Negley family, too. Somewhere father dug up an Austrian architect, who undertook to create with stones of native rock a home resembling an ancient German mountain castle. Its square tower had a crenellated top and built into its stone walls were slot-like apertures, as if for archers to defend the castle. Unhappily, the very first rainstorm transformed the top of the tower into a most inconvenient reservoir that drenched all the interior walls of the tower bedrooms. So father conceived the idea of changing the whole thing into a pagoda. An umbrella-like roof was fixed on the tower. This corrected the original fault but robbed the structure of any resemblance to any castle ancient or modern. Father himself never took the castle seriously and

sometimes called it his "dollar-ninety-eight-cent-Schloss."

Accompanied by my sister, Lucille, now Mrs. Hasbrouck, my father had made a number of coaching trips in the Black Forest. So, guests at Rachelwood were driven about in a park drag drawn by four coach horses; and if father really liked the visitors, they would be entertained at intervals by a groom on the back seat, who could produce music from a long horn of brass that normally was kept in a basket that fitted it like a scabbard.

Of course, one of the nicest fruits of father's instinct to build is the little institution called the Church In The Wilderness, which is there on the same ridge. This edifice is a replica, so we believe, of a tomb which stands outside the town of Bethlehem and which is supposed to be the tomb of Rachel. Seemingly father's inspiration for that was simply a colored postal card sent back from the Holy Land by my son, Matthew. That church was built and dedicated in 1925, some six years after the death of my mother, in whose memory it was created. This chapel was an expression of my father's tolerance as well, for it contains an invention of his, a movable altar which permits the chapel to serve the religious needs of Protestants, or Catholics, or Jews. Over the door is this inscription: "There is neither Jew nor Greek; there is neither bond nor free; there is neither male nor female; for ye are all one in Christ Jesus."

Throughout a long life my tender-hearted father always had pets and usually some special dog companion. Not far from the Rachelwood house is a tiny plot enclosed by a low stone wall. Inside are four tombstones provided by him and each marking a pet dog's grave.

Hung as a trophy over the wide doorway of a little stable

where visitors might shelter their horses was an enormous and angry looking alligator, stuffed, and with a bird's nest in its livid red mouth. That stuffed creature was just to remind him of Palatka, his winter home. On the house verandah there was a 14-inch shell, a "dud" souvenir fired from the battleship *Oregon* during the Battle of Santiago. This object owed its prominence to father's affection for my brother-in-law, Matt Taylor, who had participated in its recovery. The formidable ton or more of metal had been raised out of the deep waters of the Cuban harbor where it lay in proximity to the submerged hulk of a Spanish warship which Matt explored in a diver's suit.

My father loved fun and even today some of his jests endure. Puddled hard and fast into the garden earth, right in front of a bench, is a flat rock on which are carved these words: "Turn me over." When it is turned over at some expense to fingernails and muscles, there is revealed another inscription: "Stung! Turn back. Fool the next one." He was tireless in creating such devices.

One time when he was building the sunken gardens up at Rachelwood, just before departing for Pittsburgh—as he always did on Tuesday mornings—he caused some masons to leave a certain part of a stone wall unfinished until his customary return on Friday. The place he indicated was where a flight of steps was to pass through the wall. He was precise about it: "Leave this part of the job unfinished until I come back."

Each Friday through the long Rachelwood season, father, leaving Pittsburgh for New Florence where he would be met by a buckboard and team from Rachelwood, would preempt the front corner seats of a certain day coach. What seemed

like a crotchet as the train left Pittsburgh was revealed to be just common sense when the train made its scheduled stop at East Liberty. That corner of the day coach was his rendezvous with various East Liberty tradesmen and a handy man who fetched and carried for him from the Negley Avenue house. As the train pulled out of East Liberty father's corner would be stacked with packages. In his habit of accumulating bundles on each trip back to the country, he was like any other commuter. But on this particular Friday among the bundles piled around him was one of the queerest ever toted by any commuter. It was a parcel he had brought up with him from Florida at the end of the winter.

The next morning when the masons under his directions had fashioned in the wall a cell-like crypt of stones and mortar, father obliged each one of them to swear an oath of secrecy, and then unwrapped his big bundle, disclosing a neatly folded skeleton. Actually it was the skeleton of an Indian boy, which had been dug up by some archeologists who were exploring in the Florida swamps. The bones of the Indian boy were entombed in the crypt which would have been just large enough for a human being to stand and move about a little. Only when the last stone was placed did father take those workmen fully into his confidence. He said: "Maybe it will be a hundred years from now but someday this wall will be torn down, and people will exclaim, 'My! My! That old soandso, Mellon! He buried a man alive!'" That was 30 years ago and it is not difficult to fancy father's spirit still patiently inhabiting that garden, awaiting fulfillment of his jest.

There was Grecian and Roman statuary set all through the gardens and along forest paths, and the inside of the

house, too, was like a museum. The whole place was studded with wonder-provoking souvenirs of my parents' travels. There is a huge totem pole from Alaska. Somewhere in the Orient father bought a temple statue, a big-bellied stone Buddha, and brought this thing home to Rachelwood. Anyone who rides up the long driveway to the house today does so under the benign gaze of this antique figure.

This mountain establishment about 60 miles from Pittsburgh began growing into a comfortable estate in the early nineteen hundreds. My children always loved their vacations up there because in the stables there were horses and ponies and without going off the place the boys could have success hunting anything from ruffed grouse to deer. There was a swimming pool enclosed in a big stone bath house of Moorish architecture. Deep in the Rachelwood forest a field had been made—just for children. By the law of the place, there they might make as much noise as they could, yelling and shrieking with no fear whatever of being chided.

These were not all of Rachelwood's wonders. Father loved to thrill any visitors but especially children. One year as our boys and girls were arriving for their long visit, half-way up the drive father, uttering a loud exclamation, abruptly stopped the horses. He asked if the others in the buck wagon had seen "it." Nobody had seen anything. But he said a flying bird, a gigantic bird, had just vanished behind the trees. So all the children climbed out of the wagon and followed their grandfather. Walking as he did, with exaggerated tiptoe steps, they went down an embankment and behind some trees where suddenly they came upon a nest of awful proportions. It measured yards across. It was made, not of twigs, but of saplings and larger tree trunks. The very

thought of the talons that had constructed this nesting-place was enough to chill anybody's blood. True enough, the feathers with which the nest was upholstered were suspiciously like those of Plymouth Rock chickens, but father said that a Plymouth Rock, after all, was just a midget "rock." This nest belonged to such a "rock" as had flown away with Sinbad the Sailor on its back. He refused to let the children correct him as to the spelling. "Roc", he said, was just a misprint in the books.

The last shred of doubt evaporated when the children from a relatively safe vantage point could see over the great thatched mass of the nest into its heart. There were eggs in it, white as paint could make them and big as cannon balls, which they were. Of course, the children marvelled over this for days and never failed to be up in time for breakfast, always in the hope that this would be the day they would catch a sight of the roc coming down out of the sky to warm its eggs.

To hear father or the children tell it, he had all over the place a number of trees, the fruits of which were jujubes and other candies. Every Saturday there was a fresh "crop" of candy.

Over the years lots of arrowheads and other Indian relics were picked up in the Rachelwood forest or in the wakes of the plows that turned its fields. Probably these inspired that plan of father's which really disturbed some of the family. He announced that, as a memorial to the vanished Indian inhabitants of his mountain ridge, he was going to engineer the biggest piece of sculpture in America. It would be a statue of an Indian and stand ninety feet tall somewhere in the vicinity of the house. The one blessing of the first World

War of which we were aware was that it interfered with this plan. A certain kind of cement, as I recall it, normally manufactured in Europe, fortunately became unobtainable in the throes of war.

All in all, Rachelwood to father and to his grandchildren was just the kind of place where anything might happen, wonderful or lovely or terrible, that had happened in the stories of the brothers Grimm or in the Arabian Nights. This was the kindly, sentimental, fun-loving old gentleman whose grandchildren called him "Foxy Grandpa."

My father delighted in the role of that trickster character of the Sunday comics, but he was nevertheless a practical and able business man. Even in his operation of Rachelwood he was practical. His mountain was seamed with coal, and so Rachelwood had its own private little coal mine out of which he enjoyed the feeling of getting his coal for nothing. Whenever any of the laborers around the place had nothing else to do they could always dig coal and haul it to the cellars.

Just as Rachelwood was characteristic of my father, with his love of fun and his deeply sentimental nature, so Rolling Rock was characteristic of Dick Mellon. Today the whole area embraced by Rolling Rock Farms, includes some 20 square miles of mountain and valley land. But distinct from the Farms is the Rolling Rock Club by means of which R. B. enjoyed himself in the company of the people he cared for most—his son and daughter, his wife, and literally all their friends. Hidden in the mountain woods up there are coveys of ruffed grouse and quantities of other game. There is a golf course, a swimming pool and a fine clubhouse, incorporated in which is the original structure on the place, a

commodious old log cabin with a huge fireplace. Today the cabin is used as barroom of the club. As you ride along a dirt road up there you may hear the murmuring of a mountain stream; it is well stocked with trout. On moonlight nights the people who have country homes near there are likely to see forest deer in their pastures stealing hay.

There is all manner of game in that country, including foxes. So, too, until the war, there was a pack of fox hounds at the Rolling Rock Club. Indeed, the stables are really the heart of the place, for fox hunting was a sport well loved by R. B. The stables are as beautiful as a French chateau; they are of gray stone and roofed with blue slate. Each hunter there eats his oats and hay in a commodious box stall, and these stalls form a large quadrangle. Superficially, these things seem to represent luxury in the English manner, and yet right there in the stable yard, even when the fox hounds are baying, you might sometimes hear a sound that had the power as long as he lived to set up reverberations in R. B.'s heart. An old brass bell is mounted on a post in the stable yard. Once the bell was a locomotive's bell and long ago, the clamor of that bell signaled that the train was coming! Rolling Rock is in a wide part of that Ligonier Valley into which we constructed our railroad through the Loyalhanna Gap when I was a little boy of nine.

The old bell there in the club's stable yard is visible and vocal evidence that Dick Mellon loved that Rolling Rock country because he had slaved for it in his youth. Long ago, when Dick was working on that railroad as its conductor and manager, he could stop the train almost anywhere along the line and get a few minutes' shooting. Then the whole region

was a hunter's paradise; and, for all his traveling about the country, Dick never found a place he loved so much.

Inevitably there came a time when he began to yearn for a home in that valley. But the R. B. Mellons already had a notably big town house in Pittsburgh and a home on the seashore at Watch Hill in Rhode Island. Moreover, Mrs. R. B. plainly foresaw that what her husband had in mind was something that meant for her endless housekeeping concern for platoons of weekend guests. Dick was most happy when he was having a party and the core of his desire was to go back into that valley with his son and daughter and recapture in their company *and for them* the spirit of adventures of his youth.

R. B. had often taken his son, young Dick, as a little boy, on shooting trips, sometimes to Rachelwood or Killarney Park on Indian Creek, but most often he would take him to the Ligonier Valley. Young Dick was about sixteen when he and R. B. began scouting over the country to select the site for the house. However, instead of another home what evolved was a very special kind of country club, in which membership was a token of R. B. Mellon's liking for you. Actually he turned over to the members responsibility for governing it, reserving to himself merely the right to pick up the check for the whole thing. So long as he lived no dues were charged to anyone.

An action of A. W. Mellon, when he found out that R. B.'s "home" in the Ligonier Valley was changed into something else, became the groundwork for a monumental jest of R. B. He loved to tell about the greatest deal he ever "put over." It was the time when he "sold" A. W. a half interest in Rolling Rock. But that was just his teasing. Actually A. W. him-

self brought up the subject one day. He was disturbed because he wasn't "in" on Rolling Rock. He said to Dick: "You and I have been partners in everything since 1887 and now you've bought and built this establishment by yourself. As with everything else, I think I ought to have my half." His half, of course, was half the bill.



CHAPTER XXXVI

Andrew Mellon Goes To Washington

On New Year's Day, 1921, a rainy day, as various members of the family were gathering at A. W.'s big Tudor brick house in Woodland Road, Pittsburgh, for a midday dinner, A. W. was in the garden with his son Paul, then 13. Oblivious to the rain he and Paul were shooting with the boy's small calibre rifle at a target fixed on a garage wall. But A. W. was mulling over something, too. On the day before, a startling message had come to him, offering him the chance to change the course of his life.

A. W. and his wife had been separated since 1909; and since 1912, divorced. When they were married he had been twice as old as his wife. Seemingly, this was the primary cause of failure in the marriage. At any rate there was a gulf between them too great to be bridged, even by one so extremely wise, considerate and gentle as A. W. At the time of the separation his daughter, Ailsa, was seven years old and Paul, his son, was two.

During the twelve years following the separation A. W. often had been lonely and there never had been a moment when he was not deeply concerned for those two children. A. W. and his former wife remained on good terms and saw each other occasionally. During most of his marriage, his Pittsburgh home had been at No. 5052 Forbes Street, but some time after the separation he had remodeled

a fine house in Woodland Road, on a forested hillside site, which he had purchased from Irwin Laughlin.

With his children this quiet, reserved man was a different being from the financier the world knew. If the children slid down the banisters, he would slide with them. He would play hide-and-seek until they were tired of the game. Often he would refuse to join a game of poker with old friends because he was going to play cards with Paul and Ailsa. When Ailsa asked for a playhouse he built a wonderful playhouse on the porch of his home.

At that Woodland Road place he assembled all kinds of pets, from rabbits to ponies. His children besides their sleds had a father who went coasting with them. A. W. would go shopping with them in the ten-cent store. If he didn't actually ride a bicycle he trotted along when they went whooping around on their bicycles. With the children and Rover, their dog, he would play in the snow or romp on the grass. He would play ball or ride in a pony cart and he earnestly set to work to learn again how to fly a kite. He was never too tired at night to play blind man's bluff or to read aloud to his children. He entered whole-heartedly and with touching delight into every department of their lives.

As a toy-shopper at F. A. O. Schwarz in New York, he became a connoisseur because he, himself, played with the toys; with the hook and ladder, the electric train and the dolls, too. He trimmed the Christmas trees of his children. He made sure there were candles on their birthday cakes. He took them to the zoo. He took them to the circus. If they played house he could enter into the pretense as merrily as his children.

Whenever A. W. employed a governess or a nurse, he

consulted at our house and generally went into the matter even more searchingly than when he was selecting a McEldowney for Union Trust or a Haskell for Carborundum. From the beginning of the children's lives he had doted on them. Yet he was determined that they should not be spoiled by money if he could help it.

Paul, who enlisted in the regular army as a private in 1941, before we were really in World War II, and, in 1945, after the surrender of Germany, came back from Europe a major, wearing among his other badges and distinctions the insignia of a paratrooper, seems to me a living testimonial to the wisdom of A. W. as an American father. But Paul, on that New Year's day in 1921, was not quite 14. Ailsa was approaching 19.

That startling telegram which had come to A. W. on the last day of 1920 had been sent by Philander Knox. Henry McEldowney, President of the Union Trust Company, read it to A. W. over the telephone. Senator Knox, in his message, reported that President-elect Harding was favorably considering A. W. for the post of Secretary of the Treasury.

The tone of elation in the message from Knox was natural. He himself had been Secretary of State and he was one of our Duquesne Club group of luncheon cronies—a really good friend. But A. W. was not elated; he was almost downcast. Naturally he was flattered. Any banker would be, just as any lawyer would be pleased to think of himself as Attorney General.

In spite of the honor, any position in public life for one of A. W.'s shy nature seemed almost unthinkable. His fetish was privacy and he very well knew that he probably would be bidding good-bye to privacy if he went to Washington.

Furthermore, he was held in Pittsburgh by uncountable ties, not the least of which was an undying affection for Pittsburgh. Above all, there were his business associations to be considered. If he went to Washington, Dick Mellon would have to carry a much bigger load and so would I.

In his telegram, Knox had urged A. W. to try to make absolutely sure of the Cabinet place by enlisting his friends as boosters. A. W. directed McEldowney to wire Knox that it was his desire that nothing further be done to encourage President-elect Harding in this matter. A. W. told me that he was afraid of the work entailed by this job; that it would be a terrific responsibility. None who knew him really intimately could possibly think of him as regarding such a change in his life with anything short of dismay.

The President-elect's consideration of A. W. for a Cabinet post was not a secret. Indeed, within a few hours after he got that telegram from Knox, A. W. had gone to a New Year's Eve dinner at W. Harry Brown's home and there found himself surrounded by a group of men offering, somewhat prematurely, their congratulations. All urged him to become an active candidate. The warmth of these lifelong friends was flattering, but A. W. was filled with misgivings.

Over the years, the three of us, A. W., Dick and I had fallen into the habit of getting together for a pow-wow Sundays either at my home or at Dick's. We did this commonly although not invariably. A. W.'s visits to our houses were prompted by his deep affection for our families, but naturally at such meetings we talked over our joint business affairs.

On Sunday afternoon, January 2, 1921, when he came to my house, A. W. was still of the opinion that for him a Cab-

inet post was out of the question. He told me that he had spoken firmly that morning to his old friend, Judge Charles P. Orr, who had called on him, full of a plan to get a bale of endorsing letters sent off to Senator Harding. A. W. was not fooling; to him what was proposed seemed utterly impossible. Ailsa was eager for her father to have that job, but, on her account most of all, A. W. hesitated. Would it be good or bad for her?

There was more to this Cabinet matter than the friendly desires of Senator Knox. An important figure arranging things behind the scenes was Boies Penrose, the other Pennsylvania Senator. He headed up the Republican organization in Philadelphia. Penrose was the eastern Senator; Knox, the western. But Penrose, although possibly less of a statesman, was the greater politician. Politics were meat and drink to Penrose. He made frequent trips to Pittsburgh, keeping his fences in repair, and he always visited us. We saw much of him.

Senator Penrose had had the decisive role in the climax of the Republican convention at Chicago when the deadlock was broken by the agreement of the leaders to nominate Harding. Penrose himself had been ill at the time and was not present. Nevertheless, by long-distance telephone he had been constantly in touch with the developments at Chicago. My recollection is very clear that it was Penrose who first made the proposal to A. W. that he enter public life. I cannot fix the time precisely, but I know that it antedated that telegram from Senator Knox. Penrose had said to A. W.: "I want you to be Secretary of the Treasury."

A. W. had replied: "I don't want to be Secretary of the Treasury. I have my business to take care of."

Penrose persisted: "You won't have to work very hard as Secretary of the Treasury; not more than half an hour a day."

Of course, A. W. never would have accepted the honor without the obligations and the responsibility—and these he definitely did not want.

As for Harding, long before he was a candidate for the Presidency he used to come to Pittsburgh. He would go to the Pittsburgh *Leader* office and visit its publisher, Alexander Moore. Harding would sit there with his feet on the desk and they would yarn together as fellow-publishers. As a Senator from Ohio, Harding was fairly well known, but Moore, as the husband of Lillian Russell, was almost better known.

Alex was a peculiar fellow. I had known him a long time. I have forgotten the circumstances, but I remember that through Moore I had met Harding when scarcely anybody regarded the latter seriously as a candidate for the Presidency. A. W. had never met Mr. Harding until, in 1921, as President-elect, Harding summoned him to Marion, Ohio, for a conference.

On that very January 2, 1921, when A. W. and I were discussing in my home the possibility of his entering the Cabinet, President-elect Harding at Marion, was writing to A. W. the following letter:

"If you can find a convenient day on the sixth, seventh or eighth instant, to run out to Marion for a short interview, I will be more than grateful to see you. I feel very much that I want to know you, and I do have some matters concerning which I very much wish to have your advice."

When A. W. returned from this visit to Marion he told

me that he had convinced Mr. Harding that he was not seeking a place. He had had luncheon with the Hardings and he had found them attractive people, but Harding had not then been in a position to settle the matter by making a definite offer.

Some time later, A. W., aware that that initial meeting of his with Mr. Harding had some historic significance, prepared the following memorandum:

"Shortly after Mr. Harding was elected to the Presidency in the autumn of 1920 . . . I received an invitation from Senator Harding to visit him at Marion, Ohio, where he was considering the makeup of his Cabinet. I went to Marion fully determined not to take the appointment under any circumstances. It was a cold, wet morning when I arrived. I went directly to Harding's office, next door to his house, where I found the room crowded with people.

"Mr. H. came out at once and asked if we could lunch with him, where we could talk more comfortably. A little later we went to Mr. Harding's house where I met Mrs. Harding for the first time. During all this time Mr. H. and I had not discussed the Secretaryship of the Treasury, so that I was taken somewhat aback when, during lunch, Mr. Harding was called to the telephone and Mrs. Harding turned to me and said, 'I am delighted we are to have you in Washington with us.' I said I appreciated her feeling as she did about it, but that there was little possibility that I would be there.

"Later, Mr. Harding and I had a talk and I told him that I did not wish to accept the appointment and felt that I would be a handicap to him by reason of my business and industrial connections, and particularly by my ownership of some

stock in the Overholt distillery. Senator Harding waved all that aside, saying that he owned some stock in a brewery himself, that it was perfectly legal to do so, and that he would not take any such excuse from me for not accepting the Treasury post.

“Mr. Sawyer arrived then to take me to the train. The last thing I said to Senator Harding as I left was, ‘I have just one personal favor to ask of you and that is that you find someone else for the Treasury and relieve me from going to Washington.’”

As Republicans, both of the Pennsylvania Senators were naturally interested in the outcome of A. W.’s visit to Marion. Senator Knox called from Valley Forge to ask about it and A. W. told him it had been satisfactory. He himself then telephoned to Senator Penrose to tell him about the meeting.

A. W. continued to be troubled increasingly by fears that his corporation connections would cause such criticism as to embarrass the administration. He had not made up his mind even by the end of January. While he was still debating with himself, his lifelong friend, Judge James H. Reed, came to him to direct his attention to an old statute of 1789 which prohibited anyone engaged in carrying on “the business of trade or commerce” from being Secretary of the Treasury. A. W. concluded then that he was ineligible.

In a really happy frame of mind he took the night train to Washington and at breakfast with Senator Knox broke the news to him that he wished to get word to Harding (then in Florida) that he was ineligible. But Knox just laughed and said there had been several court decisions interpreting that statute in such a way as to uphold the right of men who

were participating in business to become Secretary of the Treasury.

Senator Knox was the law partner of Judge Reed. So, when he proposed and promised to get supporting opinion from a firm of Washington attorneys, Faust and Wilson, A. W. began to waver. Knox did get that opinion, which was to the effect that A. W. was quite eligible under the Supreme Court's interpretation of the statute cited by Judge Reed.

Probably President-elect Harding by February 1 had made up his mind to appoint A. W. Anyway on that date Senator Knox telephoned from Washington to inform A. W. that the *Washington Post* had received a telegram from Florida stating that Harding had so decided. On the following evening, Senator Penrose called from Washington to offer his congratulations. By that time A. W. had given in. He had told Ailsa that he was accepting the office on her account.

Still the matter was not officially or formally settled and it remained a little doubtful until February 24. On that date Senator Knox telephoned A. W. really dependable information. President-elect Harding himself had telephoned from Florida and had asked Knox to say to A. W. that he hoped that he would accept the Treasury portfolio, but even then Harding was unwilling to make a public announcement, probably because he was having the usual difficulties that face a President-elect forming a cabinet in the face of ambitions of politicians of 48 states.

However, beginning on February 7, A. W. had been studying the problem of divesting himself of all of his business connections. On that date Judge Reed brought to his atten-

tion some language in the Federal Reserve Board Act prohibiting members from owning bank stock. The Secretary of the Treasury is a member of the Federal Reserve Board. No single phase of business was so close to A. W.'s heart as his connections with banking. Nevertheless as a result of conversations and plans that began then, A. W. on March 2, 1921, sold out and transferred to Dick Mellon all of his bank stock and he resigned from all offices and directorships in banks and corporations.

It took quite a while for him just to sign his name to those resignations. He was director of 63 corporations, including 26 banks and financial institutions, in some of which his holdings of stock were comparatively small. But he got out of everything; out of Aluminum, Carborundum, Koppers, Crucible Steel, Pittsburgh Plate Glass, American Locomotive, Standard Steel Car, right on down through the whole list. Divesting himself of bank stocks with a value running into millions of dollars—certainly not less than ten millions—was not easy either emotionally or financially.

He arranged to turn his holdings over to Dick Mellon at an agreed price, receiving in payment Dick's notes. These provided for the payment of five per cent interest on the purchase price. A. W. was 66 years old and he was *really* getting out of business. There is no doubt about that. When A. W. got on the train to go to Washington, on March 3, 1921, he had divorced himself from business.

Out of his really intense dislike of finding himself, under any conditions, attracting attention, there had developed in him an habitual concern to keep himself inconspicuous, so that even his luggage was in some degree camouflaged. I remember in particular how a piece of baggage that he car-

ried with him to Washington reflected this concern. It was an old hatbox, its leather surface scuffed and flaked by time and by the friction of travel. All of us knew the history of that hatbox.

Forty years before, while he and Henry C. Frick were in London during their first trip abroad, when Mr. Frick was newly a millionaire, these two young men had purchased silk hats and that purchase had entailed for A. W. a further purchase of a hatbox. In Scott's hat store the row of new and shiny leather boxes had made him cringe. However, on the floor in a corner of the store, he had spied an old and travel-worn brown leather case, and he asked the salesman to let him see that one.

"But it belongs to a customer. It's here for repairs."

"Well, couldn't you ask your customer if he wouldn't prefer to have a new hatbox, which I will buy? Then you could let me have his old case."

"But the customer is Lord Soandso."

It turned out that it was possible to seduce his lordship from allegiance to his old hatbox by the gift of a new one. I still retain a vivid memory, out of my boyhood, of Mr. Frick and A. W. confronting us at home on Negley Avenue in the grandeur of London-made silk hats. Within a day or so A. W. had put his hat away, to be worn thereafter only in situations where it might keep him inconspicuous.

As he set out for Washington in 1921 to enter the Harding administration as a principal figure, that dilapidated old hatbox evoked in me a feeling of concern and tenderness. In Washington he would be obliged to be conspicuous.

On the fifth of March, 1921, the day after the Harding inaugural, A. W. went to work at the Treasury Department.



CHAPTER XXXVII

Debt And Taxes

The morning after A. W. was sworn in, when the staff began arriving around nine o'clock, there was consternation. The new boss of the Treasury Department was already on the job. He had entered the Treasury Building at a sensationally early hour in the morning—eight o'clock! Apparently such a thing never had happened in the memory of anyone among the Treasury's corps of night watchmen.

There was no slightest taint of show-offishness in this action. A. W. was making a fresh start in the world and took very seriously the business of being a servant of the public; so seriously indeed that even though he began work at eight in the morning he was rarely ready to leave before seven in the evening.

Temporarily A. W. had taken quarters in the Willard Hotel and with him there, in a room nearby, was Colonel J. Frank Drake, who is today the President of the Gulf Oil Corporation. Before going to Washington, A. W. had sensed a need of an able and trustworthy person to go with him.

"Who would be a good man?" he asked me.

"Well, Drake would be a good one." At that time Drake was working for me. I was then the President of Gulf Oil, and, for just a short while Drake had had the title of "Assistant to the President." We knew Drake well, knew that he was dependable and could get things done.

During the period when A. W. had been trying to make up his mind about the Cabinet post, Drake had been in Washington for me at the Treasury Department cleaning up all pending tax matters of the Gulf Oil Company. I wanted nothing unsettled there that later on might cause A. W. embarrassment. Consequently Drake had had at least this much experience in finding his way around Washington and in the Treasury Building itself. But when they set out together for Washington, Drake had his first experience in working really close to A. W. and he got several surprises.

A. W. was very precise and fixed in his habits. In those first days before he established a home in Washington he used to have his breakfast at 7:30 sharp in the coffee shop restaurant in the basement of the Willard Hotel, where he was staying. Because he was shy, the table A. W. chose in that public place was one in a shadowy alcove. Breakfast always was a serious business matter with A. W.—hominy or oatmeal with stewed fruit invariably, and eggs and bacon, marmalade, toast and coffee; just about twice as much as fatter men could afford to eat. When it was time for luncheon he would be ready for another good meal.

Colonel Drake would eat with the new Secretary of the Treasury in the semi-darkness of that coffee shop alcove. Then, when breakfast was over, instead of emerging from the main entrance of the hotel or even the restaurant entrance, A. W. craftily would go through the barber shop, which was likewise in the basement, and then out via the barber shop stairs into Pennsylvania Avenue. Probably he was avoiding the hordes of favor seekers who haunted the lobby of the hotel.

Once in that time Charles Michelson in the New York

World described A.W. in those days as "the most widely unknown plutocrat in the firmament." Certainly A.W. was not well known as that term is understood in the capital. To old residents of Washington, Andrew W. Mellon appeared as a person no less mysterious than if he had been the Count of Monte Cristo, and eventually he became as fascinating.

Indeed, to those people who constituted a living background for social functions of the capital, the source of the private fortune of the new Secretary of the Treasury was as avidly gossiped about as if, in one stroke of luck, he had found a great treasure stored away in some island grotto. Lesser people could accept some such coup as an explanation more easily than they could bring themselves to believe that this lean, elegant, almost fragile gentleman was actually a daring and adventurous soul with a creative talent of unparalleled scope in the field of industry and finance.

Professional detractors were quick to insinuate into gossip a legend that he had inherited a great fortune from his father. As prohibition became increasingly irksome and good old whiskey became more rare, another legend was nourished by the detractors; that he had made his money as a distiller.

In Washington not even his fellow-members of the Cabinet, nor even President Harding, had any real conception of the extent of the interests which A.W. had put away from him in order to become a public servant. Because of his reluctance to lift the veils by which his privacy had been shielded even his biography in the Congressional Directory said simply: "Andrew W. Mellon of Pittsburgh, Pa., was born in Pittsburgh March 24, 1855; University of Pittsburgh, 1873; A.M. 1898; banker by profession; resigned

as president of the Mellon National Bank of Pittsburgh March 1921 and as executive director of various financial and industrial corporations."

However, bit by bit the Cabinet members began to get glimpses that to them were astounding, of the enormous affairs from which A.W. was now detached. One day, the Cabinet was obliged to discuss a question involving the Chinese Eastern Railway. The rights and ownerships of several nations were involved. After winking at another member of the Cabinet, President Harding said: "I don't suppose, Mellon, that you were interested in the Chinese Eastern Railroad, were you?"

Seemingly, the subject had been raised in the meeting simply to catch A.W. off base. But when he was certain everybody was listening, A. W. replied quietly: "Yes. Oh, yes. My brother and I had a million or a million and a half of those bonds." And, of course, this was the fact. He told the Cabinet all about that railroad out in Asia. It was not such information as you would find in a Baedeker or in any standard reference work. It was precise, inside information. He knew literally all about that railroad as he did invariably about any enterprise in which he had funds invested.

Harding said: "It's no use. Mellon is ubiquitous." When he told me about that incident, A.W. was still delighting in the sensation he had created, and the members of the Cabinet were delighting also in their association with such a champion in business affairs.

The very fact that A.W.'s private business affairs had been conducted on such a vast scale should have been comforting to the President. At that time the American people had need of a real champion in their Treasury Department, because

as to money matters they were in a serious plight. The Harding administration had inherited one of the most frightening depressions in our history and one of the biggest factors in that depression was the tax burden imposed on all business and upon millions of harassed individual taxpayers. Every phase of these interwoven problems called peculiarly for such skills as A. W. had developed.

The national debt stood at \$24,000,000,000 when A.W. took office, the bulk of it representing wealth borrowed from the people to finance World War I against Germany; and \$10,000,000,000 of the money represented loans made to other nations, much of it loaned after the armistice.

Now, all of these billions had been borrowed from American citizens and could be paid back to them out of the taxes they paid plus any billions collected from the debtor nations. The big problems of the nation which A.W. had assumed when he became Secretary of the Treasury were to find means to increase the revenues of the government and at the same time reduce the public's tax burden.

In view of the fact that the government's principal source of revenue is taxes, that might seem impossibly contradictory. Nevertheless, if the tax rates could be fixed at levels scientifically determined to produce the most revenues and the least burden, then the contradiction would disappear. So a sounder tax rate was one of the imperatives. Another imperative was a sharper regard for economy in the operation of the government; another was to persuade the countries which had borrowed those \$10,000,000,000 to start paying back.

A.W. was convinced that, to a considerable extent, the low state of business activities was due to an extraordinary

clogging of the usual channels of credit. In the period from May, 1919 to December, 1920 the Treasury had added to its war debt an additional \$7,500,000,000 at interest rates ranging from $3\frac{3}{4}\%$ to 6%. All of these obligations had to be met within two year's time—somehow. Within scarcely more than a week after A. W. had taken over, maturities totalling half a billion dollars had to be paid, and for every month of 1921 and for every month of 1922 installments of that enormous short-term debt would be falling due, in amounts ranging from \$130,000,000 up to \$450,000,000, in the face of what then seemed a terrific need for greater tax revenues and lesser tax burdens.

It was A.W.'s opinion that this particular part of the public debt was an important cause of our economic illness. In borrowing all this money on short-term loans, the government had gobbled up a good deal of capital that the banks otherwise could have been lending for the routine, ordinary purposes of trade, of agriculture and of industry. By transferring this debt to investors and paying back the banks all business in the United States would be stimulated.

As a banker, that was perfectly clear to A.W. He arranged for the government to pay off that debt over seven years, instead of two years, and to clear it out of the banks and get it into the hands of investors, thus putting back into the banks money which they were free to loan. But A.W.'s broad aim as to the national debt was to pay it off at the rate of about \$1,000,000,000 a year. To pay it off faster by putting such a burden on taxpayers as might cripple all business would more than likely defeat his whole purpose. As soon as he had worked out this re-funding operation, he had effected a saving for his country of \$200,000,000 in interest.

In the situation confronting A.W. it was good for him that an important part of his genius was an unusual power to pick the right man for a job. Until he did have dependable aides he could not rest, and that accounts for those long hours at the beginning of his work in Washington. But the old staff down there probably supposed that he intended to hold to such a schedule always. For years those offices had closed at four o'clock in the afternoon, and when A.W. stretched out his day until seven p.m. certain supernumeraries were obliged also to work late. One night, when A.W. slipped away about six-thirty to dress for a dinner engagement, the change of schedule attracted attention. As Colonel Drake was leaving just a few minutes later by that same private elevator, the old darky who operated it said: "Good evenin', Colonel," and then looking ostentatiously at the watch which he drew from the pocket of his striped waistcoat he added: "Half past six. We only accomplished half a day today!"

Of course, this was a sly jest at the expense of the Secretary of the Treasury. A.W., who always enjoyed getting ridiculous accounts of the incidents in any day's work, especially enjoyed this one. However, if those old-timers in the Treasury Department supposed even for a moment that A.W. was working such hours with the idea of keeping his fingers on all the details of that inconceivably vast functioning of government, they were mistaken. A.W. never allowed himself to become freighted with details. His whole concern in those early months—that brought him to the Treasury Department early and held him there late—was his realization that he couldn't take hold of the force and power entrusted to him until he got the department "hitched up."

CHAPTER XXXVIII

Appointments And Politicians

Foremost on the list of important appointments to be made in the Treasury Department was the commissioner-ship of Internal Revenue. The Commissioner would have under his jurisdiction not only all tax matters, including customs duties, but also the enforcement of prohibition.

Prohibition was a really horrible problem of monstrous aspects and it was right in the lap of the Secretary of the Treasury. Its enforcement was a responsibility imposed on his department.

In 1887, when he was 32, A.W. had bought a one-third interest in the Overholt distillery founded by Abraham Overholt, grandfather of H. C. Frick. Initially, it was friendship for Mr. Frick that had caused him to make that one solitary investment in the liquor field. For his one-third interest he had paid \$25,000, and that had become worth \$675,000 when he sold it in 1915—five years before prohibition began.

The business founded by Frick's grandfather had been liquidated before prohibition. The distillery doors were closed during World War I because the business was being increasingly hampered by a lack of grain to convert into the whiskey. Yet, even if he had held on to it, that one-third interest, measured against his whole fortune, which at that time surely exceeded \$300,000,000, certainly would

have had small power to influence A. W. Mellon to depart from a lifelong integrity.

Countless business transactions had demonstrated that A.W. was honest, but politics is a fantastic business where truth almost never triumphs. A.W. understood that. That is why he had cited his connection with the distillery business when trying to dissuade President Harding from appointing him.

A.W., who never believed in prohibition, nevertheless did his utmost to enforce the law. His utmost in the beginning of his treasury service had been concentrated on the finding of competent and dependable men. Clearly, it was of paramount importance to have as Commissioner of Internal Revenue a man not only of outstanding ability but of unassailable integrity. A.W. knew what integrity meant, and he likewise knew—as I already knew—that terrific pressures were being brought to bear on every man with a shred of political influence. That pressure was being applied by bootleggers and their allies. I doubt if history can show another comparable example of a law so mischievous in its effect on the whole organization of government as the prohibition law. If some enemy of our nation had deliberately set out to devise some scheme to weaken our government, I question whether he could have invented anything so corrupting and deadly as prohibition.

Scattered over the country myriads of hopefuls were daydreaming and scheming to get appointed to the office of Commissioner of Internal Revenue. That officer would have, in effect, the key to all the vast wealth of barreled whiskey stored in warehouses under government bond, as well as control of all transactions in alcohol, good and bad.

Seemingly, almost every Senator and every Representative was actively supporting some candidate. A.W. saw all the candidates, listened courteously to each and listened to the sponsors. But to all he said merely that he was "thinking it over." Finally, a long list of names simmered down to a few who could be regarded as worthy of serious consideration. That was when Colonel Drake had to do a lot of traveling incognito. He went to the home communities of each of the candidates. But his inquiries never once were addressed to the people whom the candidates themselves had offered as references. A.W.'s approach to this problem, at the age of 66 and as a beginner in public life, well illustrates the method that had served him so magically in business. He got good men not by chance but by hunting for them, by weeding out and sorting. In this instance, Drake was trying to find out, in the first place, about a particular man's integrity; and, second, about his ability.

Rather quickly, the candidacy of one particular man gained almost overwhelming strength. He had the backing of both Republican Senators of a certain state. Those two Senators were powerful men in the sight of the President, and they were ardent and vocal on behalf of their candidate. Actually, the Commissioner of Internal Revenue is appointed by the President; but, because that official operates as a subordinate of the Secretary of the Treasury, the Secretary, as a matter of courtesy, is consulted by the President about the appointment.

Both of the Senators in question talked repeatedly to A.W. about their man; and when he continued to put them off, they somehow wangled out of President Harding a letter in which the President had written that he would appoint

their man "if" Secretary Mellon had no objection. When these two Senators marched in on A.W. and showed him what Harding had written they put him in a most embarrassing position—or, as we later learned to say (thanks to bootleggers) "on a spot."

I could have told those Senators that if they kicked then, they would only bark their shins, for a more determined man than A.W. never lived and in his new office all of his determination was focused on the proper administration of his job. Those two Senators were astounded when A.W. told them that, in spite of President Harding's letter, he was not prepared to give his consent to the appointment. He told them crisply that he proposed to look very carefully into their man's life and record.

A.W. then called in Colonel Drake and told him to go to the city where that candidate lived and find out what he could about the man. Drake came back with information that made A.W. shake his head. I was there the morning Drake made his report.

"Now what are you going to do?" I said to A.W.

"I have already sent Drake on another mission. As I can't afford to let grass grow under my feet now, I have sent him South to investigate the man who most impresses me. Out of possibly forty men who have been presented to me here as candidate for this key job, I like this man best."

"Why?"

"He rings true."

While we talked, Colonel Drake was on his way to Winston-Salem, North Carolina. In spite of his own prejudice in favor of the candidate who lived there, A. W. was subjecting him to the same test as the others. Drake ignored the list

of references and sponsors that had come through political channels. He went to see the town's leading citizens. Each one expressed an opinion highly creditable to their fellow-townsmen, David Blair.

Blair was a lawyer generally recognized as extraordinarily able. Furthermore, he was a man of means and his wife was a member of a wealthy family. For the job in question, that seemed to A.W. to be desirable, because he knew that a good man already well-to-do would not easily be tempted by money.

But Drake did not end his investigation with the important men of the town. He sauntered into stores along the downtown streets. By making purchases, he found an excuse to ask a few questions about David Blair. He went into a variety of stores, each time seemingly bent on some minor shopping errand yet managing to start a conversation and then lead it around to the subject of Mr. Blair. During an entire day in Winston-Salem, Colonel Drake picked up not one single fact about David Blair that was derogatory. There can be no more severe test of a man's reputation than what the home folks say about him behind his back. But even then the investigation was not complete.

On his way north, Colonel Drake, having to spend a couple of hours between trains in Greensboro, North Carolina, went to the principal hotel for dinner. The lobby was crowded with contractors of North Carolina, who were holding a convention. Each man wore on the lapel of his coat a badge bearing his name and town. Colonel Drake saw a further opportunity to test David Blair. He managed to get into conversation with the various Winston-Salem delegates. Almost to a man, these people were Democrats, with strong

anti-Republican prejudices, but concerning one Republican—their fellow townsman, David Blair—they were unanimous in testifying that he was an incorruptible man of fine ability.

Colonel Drake tallied up his work right there in the writing room of that North Carolina hotel. He drew a line down the middle of a sheet of stationery and at the top of the left side wrote "For", and on the right "Against." When he had finished, the only thing he had found to put in the "against" column of his tally sheet was a possibility that Blair might not be sufficiently seasoned in administrative work for the reason that his whole career had been spent in the practice of law. On all other counts, the score marvelously vindicated A.W.'s instinctive judgment.

As A.W. never wanted long reports from anybody, that single sheet of paper was what Colonel Drake placed before him on the following morning in the Treasury Department. "Fine," said A.W. "That's the man."

Then he put on his hat, went over to the White House, handed that sheet of paper to President Harding and told him that he wanted him to appoint Blair Commissioner of Internal Revenue. Happily for the troubled Harding administration, the appointment was made.

As there was no accident about Mr. Blair's appointment, so there was no accident about his fine administration of the Bureau of Internal Revenue. It was A.W.'s inflexible habit to back up any man whom he had endowed with authority so long as that man continued to be worthy; and of course Mr. Blair was consistently worthy. Yet there were a lot of senators, representatives and others in politics who were dissatisfied with Blair for precisely the reasons which made him so entirely satisfactory to A.W.

The Bureau of Internal Revenue had always been a kind of happy hunting ground for the politically faithful. I remember A.W. telling me about the trouble brewing over this one morning as we ate breakfast. He said that if he happened to find that a man who was performing ably in some key position was a Democrat, he was not going to oust him on that account. Such a policy was bound to have on the politicians of our party just such an effect as the cape of a matador flaunted in front of an angry bull. After discovering that Blair in furtherance of A.W.'s policy stood adamant in the face of job-hunters and seekers of improper favors, they united their indignation and charged.

One day A.W. was summoned to the office of President Harding, and when they were alone, the President tossed across his desk a document which he had been studying. In language as solemn as the Declaration of Independence, it demanded that the President remove David Blair from the office of Commissioner of Internal Revenue. This was no ordinary complaint. At the bottom were the signatures of almost 150 members of Congress, Senators and Representatives, who had signed their names so that they radiated from a common center. It was a round robin, designed to prevent identification of the man who had first signed this protest. A.W. found his own name mentioned in that document in the same critical tone with which Blair was discussed. President Harding was unhappy; his handsome face was set in grim lines. It was a matter of no small moment to the President to have so many of those on whom he had to rely for legislative support threatening him in such a document, and that was precisely what it was—a threat.

“Well, Mr. President, what about it?” asked A.W.

"Mr. Mellon, you are Secretary of the Treasury."

"Mr. President, that's all I want to know." A.W. picked up his hat and walked out.

Afterwards he said to me, "I didn't want the job, but, as long as I am here, I am going to run it and I'm going to run it as I always have run things. I intend to organize the whole Treasury establishment just as efficiently as if it were my own personal business."

The Harding administration lacked almost two months of being a year old when A. W. discovered, in one of the morning newspapers which he was reading at the breakfast table, that some twenty-five or thirty experienced, old-time employees of the Bureau of Engraving and Printing had been fired "for the good of the service." The published reasons for the dismissal of those people from the Bureau of Engraving and Printing had to do with certain supposed irregularities in the handling of government bonds.

It was charged specifically that needless duplications in printing had resulted in the waste of millions of the taxpayers' dollars. Each one of these employees, supposedly protected by Civil Service, had been replaced by some political appointee. But the most unpalatable flavor in the whole mess was that they had been ousted by an executive order signed by the President of the United States.

Those dismissed were experienced people, expert in the designing and printing of currency, bonds and notes. To A. W. the replacing of such expert people with inferior human material was outrageous. I know he pondered earnestly on his course. I believe he felt that Harding needed Mellon. He was well able to appreciate that the President of the United States never is really free. Harding, in his

opinion, was striving to do the best he could. A. W. felt that President Harding would do better if Mellon continued to run the Treasury—and really run it.

During the winter of 1922 none of the civil service people in the various bureaus had any feeling of security in their jobs. Newspapers of that time printed stories from unnamed sources reporting there were 500 names listed in what facetiously was called the "Doomsday Book." The names were those of people to be fired to make way for friends of an Assistant Secretary; or rather, friends of Attorney General Harry Daugherty, and—as these "merited" good jobs—necessarily those selected for firing were the most responsible and highly salaried employees of the Treasury Department. Early in April, A. W. gave to the newspapermen a brief typewritten statement to which he had signed his name. It said:

"My attention has been called to the reports which have been appearing in the press predicting a general reorganization of the Bureau of Internal Revenue and the removal of certain officers and heads of divisions. These reports do not emanate from any official source and are absolutely without foundation. No such reorganization is now nor has been at any time contemplated. It is my desire, however, that the efficiency of the Bureau be maintained at the highest possible standard and with that end in view I shall expect every employee of the Bureau to give the Commissioner and his deputies their loyal support and complete cooperation."

Of course, this was simply a statement from A. W. to the world that in the inter-departmental struggle between certain Assistant Secretary and Mr. Blair, Blair had on his side the Assistant Secretary's superior, the Secretary himself. Never-

theless, the opposition struggled on. In June there was distributed in Washington a brochure which counterfeited in format and general appearance the numerous documents that emanate from Congress in pamphlet form. The title of this one was: "The Treasury Department—Survey of the Personnel of the Bureau of Internal Revenue—The key positions largely held by officials of the former administration and named and checked from the official records of the department." The brochure had been prepared for no other purpose than to weaken the hold of some 150 employees on their places. It was represented that all of the 150 were "holdover" Democrats.

As an example of its characteristic inaccuracy, S. Parker Gilbert, the Under-Secretary, according to this queer document, was an "active" Democratic politician, who had taken the stump for Cox in the campaign of 1920. Although appointed by President Wilson on a non-partisan basis, Mr. Gilbert actually was a lifelong Republican. The brochure seemingly had been designed to give the *coup de grace* to A. W.'s administration of the Treasury. The work represented as a "survey" actually was an anonymous canard and so ineffectual that the author never dared to reveal himself. Whoever was behind it kept his mouth shut, even when A. W. took public notice of the document in these words:

"The statement is so false and for the most part so ridiculous that in ordinary circumstances I should hesitate to take notice of it. It is, however, being circulated and has been published, so that I think it well to set the record straight. The statement is the product of a few selfishly ambitious employees and some discredited former employees and is apparently being circulated in an effort to influence the

administration of the Treasury. The affairs of the Treasury are of too great importance to allow of interference to its proper conduct through the introduction of petty politics. This department, particularly the collection of the revenue and handling of the public debt, must be conducted on business principles and kept free at all times from detrimental influences. The administration of the Treasury is in the hands of the Republicans and is governed by Republican policies. Those Democrats who hold positions in the Treasury have been retained because of their qualifications for the offices they hold, and I have had no evidence of partisan activity on their part."

By this time, almost anybody in Washington knew that it was time for a showdown. President Harding had to decide whether he wanted Mellon as Secretary of the Treasury or Daugherty's man as Assistant Secretary, and, of course, it was no surprise whatever in Washington when, on July 18, 1922, President Harding announced that the Assistant Secretary of the Treasury had resigned. Thereafter, to the best of my knowledge, the authority of Andrew W. Mellon as Secretary of the Treasury never was challenged.



CHAPTER XXXIX

Financial Engineering

In Washington, having gone to work for the nation, A. W. had to subject himself to the rules of a new game; he had to acquire skill in the handling of what for him were new tools. It was no longer possible for him, as in Pittsburgh, just to sit at his desk and make things happen. If he was to be influential in public service he would have to give up that privacy which he for so long had cherished.

The very mystery that seemed to envelop him when he came to Washington increased the number of reporters who came to his office. Curiously enough, after a while, he actually enjoyed those regular meetings with the newspaper men and there came a time when the reporters seemingly regarded him with genuine affection and deep respect. For one thing, he was unfailingly courteous; for another, which was more important to the reporters, he was scrupulously truthful and straightforward. Indeed, "the most widely unknown plutocrat" became the best known.

In a conversation with me, he rationalized this change by saying that, as he always wished to know as much as possible about the character and the background of anyone who worked for him in an important position, there was a fairness in the desire of the people to know about him since he had become their employee. Nevertheless, I know for a fact that if he had been really seeking publicity he could have

had it in a volume tenfold greater. Actually A. W. lived in Washington in a kind of effulgence of publicity, rather than under a spotlight. A spotlight reveals, but the things written about A. W., apart from his work for the government, tended to emphasize his wealth rather than to describe his accomplishments. Yet I suppose that was his own fault, because he continued to be extraordinarily modest about his accomplishments.

A. W. had completely abandoned money-making when he went to Washington, or rather, since he never was interested primarily in money, he had abandoned business activities. Instead, he had imposed on himself strict devotion to public service. The change called for an emergence into much broader social activities. Previously, he had gone to parties or other big social gatherings rather infrequently, avoiding them as a general thing except when there was a duty to go.

But in Washington he actually began to like going out and he became Washington's most notable host. A few months after he was sworn into the Cabinet, he moved into a penthouse in the McCormick Apartments at 1785 Massachusetts Avenue. It was really a very fine apartment. One day A. W. welcomed there his older brother, James Ross Mellon. Now, my father was just about the shrewdest real estate man I have ever known, and before he had crossed the threshold of that establishment, you could see him appraising it.

"Andy," he said, "what do you pay for this apartment?"

"Twenty-five thousand dollars a year."

"What does the government pay you a year?"

"Twelve thousand dollars," answered A. W.

“My, my! Father never would approve of that!” My father’s eyes were twinkling as he spoke.

There, with his choicest paintings on the wall, and with Ailsa presiding over his table, A. W. enjoyed himself wonderfully. He delighted in the grace with which Ailsa was conducting his household. She was a notable success in Washington. Of course, A. W. worried about her and was happy and relieved when she fell in love with David K. E. Bruce, the son of Senator Bruce of Maryland. A. W. accepted him at once as a son.

At that time his own son Paul, a schoolboy, was not around much. Later, during the Coolidge administration, when I would arrive at the apartment for breakfast, and usually on a Monday morning, A. W. shortly would produce from an inside pocket some papers. These documents concerned matters that made him extremely proud. Usually they were cuttings from the *Yale News*—sometimes a poem, sometimes an editorial. Paul Mellon had written them.

Of course, A. W. was not unaware that he was making something of a sensation in Washington and he continued to evoke wonder throughout the years he spent there. Clemenceau, returning to France after his post-war tour of America, said that the person who had impressed him most during his visit was the Secretary of the Treasury. Other Old World people were impressed too.

It was easy for me to understand each time I went there why A. W. was becoming such a notable host and was himself a lion whom all the hostesses of Washington were incessantly hunting for their own parties. It is not likely that there was in Washington another abode to compare with his apart-

ment. His pictures intensified the disposition of people to make him a fantastic legend.

For a while A. W. had on the wall above the mantel-piece in the drawing room of his apartment Raphael's portrait of Giuliano de Medici. Experts, and among them A. W., generally considered this to be one of the best of all Raphaels. Nevertheless, A. W. was disturbed by the picture. One time he was asked why.

"The man has an evil face and it is not particularly attractive to live with."

He returned the picture to Duveen. The absence of that Raphael attracted rather more attention than had its presence. One evening when he was having a dinner party, the Princesse de Ligne, wife of the Belgian ambassador, was going about the apartment on the arm of David Finley. They were looking at A. W.'s pictures. The princess asked, "Where is the Raphael?"

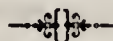
"Mr. Mellon sent it away."

"But why?"

"Because he did not like it."

The eyes of the princess widened as she gasped: "How wonderful! To be able to say, 'Take away that Raphael. I don't like it.' Who but Mr. Mellon could do that?"

* * *



As far as I could tell politics ruled in none of the appointments that A. W. made. Nevertheless, his judgment and purposes were frequently challenged. Over and over, attempts were made to destroy his power to serve his country. The real enemies appeared when he was doing his best to be business-like and practical in the handling of Treasury

Department responsibilities along lines which his banking intellect told him were good for the whole country.

His life in Washington certainly had its disagreeable side. It was impossible for him to be effective in the Treasury Department and not make enemies, but the enemies A. W. made in Washington emphasize the distinguished character of the service he was giving. The United States Senator from Wisconsin, Robert LaFollette, was one of the first of A. W.'s opponents to denounce him in the Senate.

One quarrel grew out of the income tax laws which, when A. W. came to Washington, had been in force and in flux for eight years. The law had become effective in 1913. A. W. arrived in 1921 and thereafter sought to improve the income tax laws and regulations, and he did improve them without regard to party or anything else except the general welfare of the nation.

As Secretary of the Treasury at a time when the national debt was swollen to the then unprecedented size of \$24,000,000,000, it was A. W.'s obligation, in order to clean up that debt, to collect for the government the maximum amount of revenue possible; possible, that is, without working damage to the nation's economy, which is to say without injuring the power of the people to make money. What was needed was not simply the largest possible revenue in a given year but big revenues for the government year after year. Such a flow can come only from a prosperous people.

In the year A. W. took hold—1921—there were swarms of taxpayers. Whereas in 1916 there had been only 473,063 incomes big enough to be taxed at all (that is, in excess of \$2,500) by 1920 their numbers had expanded to 7,250,944.

This increase was a sure sign that people were making more money in 1921 than they had been making in 1916.

But while there had been this tremendous increase in the total number of taxpayers, there had been a strange dwindling in the number of millionaire payers of income taxes. An increasing number of these fellows were slipping through the net. A. W. discussed this with me frequently and what he was bent on doing for his country was to have a great round-up of millionaires, or rather, of millionaires' income taxes. It was not the millionaires but the millionaires' money that was hiding out in the bushes.

Of course A. W. knew what these millionaires had done to make their money invisible. They had invested their capital in tax-exempt bonds. Under the Constitution of the United States, income from bonds issued by states or municipal governments was exempt from federal taxation.

Figures compiled in the Tax Department in 1921 showed that there were \$10,000,000,000 of such tax-exempt securities in existence and such securities were usually owned by taxpayers interested in the tax-exempt feature. In 1916, the year before we entered the first World War, and three years after income tax laws became effective, there had been in the United States 1,206 people admitting incomes of \$300,000 or more, and who could be presumed to have a fortune of about \$6,000,000 each. By 1917, the 1,206 had dwindled to 1,015; by 1918 there were only 697; and when A. W. took hold in 1921 seemingly there were only 395. Of course the truth was that we probably had six or seven times as many people with such incomes by 1921 as we had had in 1916.

A.W. got after that situation almost as soon as he took office.

Incomes of \$5,000 or more paid a surtax, the percentage rising as the incomes grew larger until, at \$200,000 or more income level, the government, theoretically, was taking \$154,000 and leaving to the taxpayer \$46,000. In the 1920's, anybody with a regular income of \$200,000 could be figured to have a fortune of at least \$4,000,000. But there was no use figuring so long as these persons could invest their money in a market which provided immunity from federal taxation.

As A. W. said to me, the original fault was in the law itself. He said that the problem was to shear the sheep rather than to skin them, and that it was in attempting to skin them that the big mistake had been made. The first thing to do, he felt, was to abolish, if possible, tax-exempt bonds through a constitutional amendment. In theory that was fine but in practice it went contrary to the interest of such swarms of local politicians, that it proved impossible.

Even though he failed in his endeavor, nevertheless, as to all governmental fiscal matters, his voice increasingly commanded respect. The New York *World*, which had been seemingly horrified by his appointment, in February 1923 published the following:

"There were those, and The *World* was among them, who regarded with misgiving Mr. Harding's choice of an office banker and known to the country only as such, for his Minister of Finance. But Andrew W. Mellon is today the outstanding figure in the Harding cabinet. In all his conduct of the country's finance, he showed possession of breadth

and clarity of mind as well as a technical mastery of the problems involved."

The significant truth about Harding's administration was that the people had working for them in the Treasury a man fitted to his task, a really good manager.

An illustration of this was a change that A. W. worked in the size of the dollar bill. Our currency necessarily is printed on expensive paper; the inks are expensive; and it represents a huge manufacturing enterprise. At that time the demand for currency was increasing, due to the enormous expansion of all business. Even then it amounted annually to 450,000,000 dollar bills alone.

The needlessly large size of the bills represented to A. W. inexcusable waste. Reducing the dimensions of the one-dollar bill by one-third made it not merely more convenient for handling and carrying on the person but cheaper to handle in bulk. The direct saving on that one economy amounted even then to \$2,000,000 a year and today it is much more. There was a further economy in the fact that the smaller bills had a longer life, since it was unnecessary to fold them in a wallet. It was the repeated folding and unfolding that caused the old bills to wear out so much faster than these smaller, new ones.

When the American Legion and an assortment of political allies launched a campaign for a bonus, A. W. was horrified. He had been determined to apply strict economy wherever possible to all government spending. He was using all his influence in the Cabinet to achieve that end. Yet scheme after scheme was hatched, any one of which might counteract most of the economies.

Then came this bonus scheme which in his eyes was likely

to work great damage to all veterans, to all Americans. Although the government was spending a fabulous amount for the care of disabled veterans, the mawkish and the politically selfish who posed as friends of the veterans began campaigning for this enormous gratuity to be paid to anyone who had worn a uniform during the war, whether for a little while or a long while, whether or not that service was marked by real hazard or hardship. A. W. told me that if the bonus became operative, all he was trying to do in the Treasury might end in utter futility. To him the scheme was a shocking betrayal of the people and especially of the veterans, most of whom were young men whose careers might be blighted for years by such ill-advised, reckless and needless spending.

Nevertheless, with a Congressional election approaching, it seemed more than likely that the bonus would become a law. That American Legion crowd knew how to put the pressure on Congressmen and consequently in April of 1922 the Bonus Bill had passed the House of Representatives by a vote of 330 to 70. A. W. was in a sweat then. In a letter addressed to Senator Frelinghuysen he said that this bill, if it passed the Senate and became a law, would have a ruinous effect upon the nation's finances. Read in the Senate, that letter made a deep impression.

Although Senators Borah of Idaho and Underwood of Alabama all along had been strongly opposed to the bonus, nevertheless they were doubtful of their power to get enough Senators into the same frame of mind to prevent the bonus bill from becoming a law. A. W. determined to prod President Harding to action. In consequence on one July day in 1922 President Harding left the White House, rode to the

Capitol and again entered the Senate where once he had sat as a member. There he delivered an address calling upon them to vote against the bonus bill. Nevertheless the bonus bill was passed and the money was paid.

In midsummer of 1923 President Harding died. A. W. had regarded Harding realistically but liked him. His feeling for him was touched with affection. There was, however, no awe whatever, whereas if the truth were known, I think that Harding did regard with awe his Secretary of the Treasury. It would be remarkable if it had been otherwise, for Harding had been for too many years a relatively little man in business while A. W. had been a giant. But Harding was a jovial man off duty and there was one situation in which they met on a genuinely companionable basis. That was at the poker table.

If they were not equals there it was only because A. W. in a poker game had few peers. He was a masterly poker player, who abandoned a weak hand as fast as if his fortune had depended on it, and who exercised every trading instinct when he was competing for a pot. In a poker game he knew neither kinsmen, partners nor friends. He competed earnestly but merrily.

It delights me now to recall that A. W., shy as he was, could more than hold his own with such a group as would meet to play poker in the White House, but, if that was so, it was because he had had years of exercise with shrewder poker players in Pittsburgh.

Although Harding was an amusing companion, entitled to the loyalty of A. W. as a member of his cabinet, nevertheless I am sure that A. W. never would have hired Harding to run any company in which he was interested. He once told me

that when any matter in his department required the attention of Harding as President, he would go to the White House with the pertinent facts in concisely stated, typewritten sentences, almost invariably on a single sheet of paper. Whatever the matter was, A. W. would discuss it with the President and then, for Mr. Harding's convenience, hand him the memorandum sheet. Habitually, Harding would take the paper almost as if it were an unpleasant bill and tuck it into the mound of other papers on his disordered desk. Then by way of dismissing the matter he would say, "I'll look into this."

Such procedure was shocking to A. W. who was puritanical about the day's work. When Coolidge succeeded to the Presidency and sat at that desk, however, there was a complete change. Whenever A. W. came there on some errand, invariably he found President Coolidge sitting before a polished expanse of desk top. There would not be a piece of paper on it to interfere with that concentration that A. W. expected any time he talked business.

I remember with what satisfaction A. W. commented on this within a week or so after Coolidge had entered the White House. Coolidge carefully read any document that his Secretary of the Treasury brought to him. He read it as a lawyer does, making sure, statement by statement, that he knew exactly what was meant by the language in which the thought was expressed. When he had read and understood a matter thus brought to his attention, he almost never postponed a decision. He recognized that the function of A. W., as a member of his Cabinet, was to present something for action only when it was ripe. Usually as he held the memorandum in his hand, he would say: "I approve."

A. W. liked that way of doing business. Calvin Coolidge inherited a financial situation enormously better than that with which President Harding's administration had begun. But A. W. was still striving to improve that situation and at the same time lighten the burden on the taxpayers of the country. On November 10, 1923 he sent to the Honorable William R. Green, Acting Chairman of the Committee on Ways and Means of the House of Representatives, a letter in which he set forth his ideas as to the possibilities of tax revision and recommendations for the simplification of the income tax law. In this letter A. W. pointed out that the fiscal years 1922 and 1923 had closed with a surplus of about \$310,000,000 over and above all expenditures chargeable against ordinary receipts, including the sinking fund and other similar retirements of the debt, and that the financial situation of the government in 1923 assured an orderly reduction of the war debt out of current revenues. After explaining new conditions which would affect the Government's income, A.W. then went on to outline his ideas on tax revision. These suggestions were to become known as the Mellon Plan, which was to involve A. W. in one of the greatest struggles of his career in Washington.

Briefly, his recommendations were: a 25 per cent reduction on the tax on incomes earned as wages, salaries, or for professional services; a reduction of a normal tax of four per cent to three per cent, and a tax of eight per cent to six per cent; a reduction of surtax rates by commencing their application at \$10,000 instead of \$6,000 and scaling them progressively upwards to 25 per cent at \$100,000; limitation of the deduction for capital losses to 12½ per cent. He also advocated that deductions from gross income for in-

terest paid during the year and for losses not of a business character should be limited to the amount the sum of such items exceeded tax-exempt income of the taxpayer. In addition to these changes in the income tax law, A. W. suggested the repeal of several war-time taxes, the larger burden of which was borne by persons with low incomes. He also urged clarification of the income tax law and the establishment of a Board of Tax Appeals, independent of the Bureau of Internal Revenue, to hear and determine cases involving the assessment of internal revenue taxes.

The program which A. W. had drawn up would, according to his estimate, result in the first year in a loss of revenue from some sources amounting to \$391,000,000 and a gain in other directions of \$68,000,000, making a net loss of \$323,000,000. It was his opinion, however, that revision would generally encourage in all lines of business a more healthy development of productive enterprise. Furthermore, he felt that the greatest loss, which would arise from the reduction of surtaxes, would be only temporary. As he wrote Mr. Green: “. . . the Government Actuary estimates that even during the first year, if the revision is made early enough, the net loss in revenue from all the changes in the surtaxes would be only about \$100,000,000, and that in all probability, the revenue from the reduced rates will soon equal or exceed what would accrue at the present rates, because of the encouragement which the changes will give to productive business.

“The readjustment of the surtaxes, moreover, is not in any sense a partisan measure. It has been recommended, on substantially this basis, by every Secretary of the Treasury since the end of the war, irrespective of party.”

In stating that the proposed readjustment of surtaxes was "unpartisan," A. W. had been precisely accurate. The two preceding Democratic Secretaries of the Treasury, Carter Glass and David Houston, in turn and with the backing of President Woodrow Wilson, had asked Congress to readjust the surtax on large incomes. Their motives had not been challenged. But when A. W. made the proposal, there was a great hullabaloo. Some of his critics called this a Wall Street proposal and implied that A.W. had been placed in the Treasury at the demand of Wall Street.

This was silly. Wall Street never had less influence in anything American than in the appointment of A. W. His thinking was entirely free from any flavor of Wall Street. The ownership of companies of which he was most proud was so closely held as to leave "Wall Street" simply envious. Naturally, demagogues in Congress denounced A. W.'s proposal to cut surtaxes as a bare-faced attempt by a rich man to save himself some money. Nevertheless, A. W. was to have his day of glory.

There is a kind of engineering in finance, and, if A. W. be thought of as a financial engineer, the substantial quality of his performance in his first four years as Secretary of the Treasury can be better appreciated. One place where his accomplishments became visible was in the public's appraisal of the nation's credit. In the securities markets billions of dollars of Liberty Bonds, that had fallen as low as 87 at the time he took office, had come back to par, and there were other good results.

All business appeared to be thriving. Foreign trade was brisk; indeed, growing at an unprecedented rate. That was contrary to the predictions of his opponents. Those oppon-

ents, the men like LaFollette, had contended that the income tax changes which A. W. proposed would inflict the heaviest burden on those with small incomes. Of course, that simply was not true. The direct income tax was lifted to levels higher than before so that millions of Americans with small incomes vanished from the tax rolls. Practically all of the small income group were released from this direct obligation.

During World War II there have been approximately 40,000,000 income tax payers on the Federal list, so that one has to use the equivalent of a reduction gear to put one's self in a frame of mind to measure changes in that era of more reasonable spending. In 1924 there were 4,500,000 income tax payers, but, in the following year, when the Mellon Plan was in effect, this number had been reduced to 2,500,000. The 2,000,000 who had vanished were practically all in the low income brackets.

Under A. W.'s scheme of taxation the incomes of Americans of moderate means were not taxed at all by the Federal Government. This had been arranged simply by increasing exemptions; for single persons the exemptions had been raised from \$1,000 to \$1,500 and for married taxpayers the exemption was lifted from \$2,000 to \$3,500. The "engineering" in all this was reflected in the swelling volume of money that was flowing into the Treasury. About 70,000 payers of large tax bills had been added to the rolls.

But it was the very rich on whom A. W.'s attention had been focused. He assumed that anyone with an assured income of \$300,000 probably had a capital fortune of about \$6,000,000. In 1922, before his reforms had affected this situation, this class of people who could be assumed to have

\$6,000,000 fortunes reported, in their tax returns, a total income of only \$154,000,000; but five years later, in 1927, when the Mellon tax plan had been in force for a couple of years, this same group was being taxed on an income of \$1,153,000,000. It had worked out as A. W. had predicted.

Most of those millionaires had been glad to get their money out of unexciting municipal and state bonds and into fields of investment where their returns were larger, with the effect that the whole economy was made more ruddy. With a surtax of 50 per cent, as was levied in 1922, this group paid \$77,000,000 into the government; but, in 1927, when the rate was only 20 per cent, the returns of the group had grown to \$230,000,000.



CHAPTER XL

Andrew Mellon In Limelight

I have spoken of A. W.'s day of glory. Although he was unaware of it, that day was rapidly approaching. The glory burst upon him suddenly, took him completely by surprise—that memorable accolade from thousands of his countrymen.

I was a delegate to the 1924 convention of the Republican party at Cleveland and so was A.W. I had had some years' experience as a worker in the Republican party, and it was my opinion, as we met for that convention, that, thanks to the able elements of leadership, the party had weathered a fierce storm. If there was less than the ordinary quality of excitement in the convention at Cleveland that year it was because, even before the gathering met, the nomination of Calvin Coolidge had been pretty well arranged. As I have said, A. W. liked Coolidge's way of doing business and in consequence he was happy at the prospect of another term of service in the Cabinet.

President Harding had been dead less than a year when the convention met in June. Scarcely any fair-minded man would be disposed to regard Warren G. Harding as a bad man, but, from the moment of his death, the Democrats and a few insurgent Republicans began to make all the political capital they could out of what became known as the Harding administration scandals.

There were scandals undeniably, but that was no excuse for the infamous efforts that were made to involve everybody who had served in the Harding administration. The scandals had sound basis as they related to Albert B. Fall, who had been Harding's Secretary of the Interior. No one is likely to question the verdict that Fall was a corrupt official. I would say that Fall represented the worst of Harding's mistakes, and, after Fall, probably Harry Daugherty.

Democrats and various Republicans of dubious loyalty to their party joined in every effort to smear the Fall scandal over the whole administration of President Harding. Although the country was visibly better off in 1924 than it had been when Mr. Harding entered the White House no man was wise enough to know what would be the effect of the scandals on the electorate. Consequently, the Republican leaders, as they met in this convention, were moody and doubtful.

Theodore Burton of Cleveland was the temporary chairman of that convention. He was a scholarly man, who had been a Senator from Ohio, but, in 1924, he was serving in Congress as a Representative. In the course of his keynote address he predicted the election in the following November of a Republican Congress, and, as President, Calvin Coolidge. This caused the first real demonstration.

It was followed by the second of three demonstrations that marked the opening session. Mr. Burton, whose diction was admirable, speaking as a party leader, denounced some men as "Republicans in name only." Then there was a great deal of angry shouting, in which it was possible to distinguish cries against the Wisconsin delegation, a considerable part of which had come there only to serve the pur-

poses of Senator LaFollette, who was clearly a Republican "in name only."

This demonstration rather quickly shaped itself into a demand for Wisconsin to stand up and finally one lone member of the Wisconsin delegation did stand by way of testifying devotion not to LaFollette but to the Republican party. Of course this prolonged outburst simply intensified the convention's concern with its cause for sorrow.

Even the admirable diction of Representative Burton grew a little tiresome after 90 minutes. He himself looked weary as he finished speaking. The convention was organizing itself formally. From the floor came a succession of routine motions. Nobody whom I could see was paying much attention to these dull proceedings until Mr. Burton pounding with his gavel said: "I recognize the gentleman from Pennsylvania, Mr. Mellon."

Then there began a really genuine demonstration of enthusiasm. I have witnessed many demonstrations and when they are whipped up with band music, by shrill cries from gaudily-dressed women, or by fire sirens, I just sit and wish the whole business was finished. But there have been many times when the enthusiasm has been genuine and I have shared in it. This time my feelings of pride were almost those of a parent. Years of roughing it in the fields had accustomed me to boisterous behavior and this convention had become boisterous. Indeed, it had become very nearly hysterical, but its hysteria was patently born of relief and appreciation.

The Vermont delegation was right in front of the stage and our Pennsylvania delegation was just to the right of Vermont. A. W.'s place was in the right-hand aisle seat in the

front row of our bloc; next to him was Senator George Wharton Pepper; next was William C. Sproul, a former Governor of the State, and then Senator David A. Reed, the son of our old friend, Judge Reed. I was in the row behind, close enough to touch any one of them, and I can tell you we heard that applause not unmoved. We knew what it meant and as loyal party men it made us proud.

What was the nature of this tribute? After so long a time it is difficult to recapture the feeling, but all of us who were there knew that the roaring was an outburst of thanksgiving that, in spite of betrayal from weak servants, the party had in A. W. Mellon the best kind of evidence of its real integrity. Oh, that was a fine experience—for me! All the people were on their feet, including the thousands of spectators massed against the walls of the enormous arena. Presently out of their waving of hats and flags and their cheering a purpose was expressed. They began to chant: "Platform! Platform! Platform!"

By that time A.W.'s hands were wringing to pieces the sheets of paper on which was typewritten the motion he was expected to read. He was smiling faintly, but his chin was bedewed with perspiration. When he appeared to have no intention of leaving his place, several of our delegation closed in on him and almost forcibly escorted him up the ramp and steps to the platform. As he approached the front of that stage to a place beside Mr. Burton, suddenly he was drenched with an intense and silvery light from flood lamps. A bevy of newsreel cameramen began cranking their machines. Poor A.W.! He had to stand there minute after minute enduring a storm of cheers while Mr. Burton rapped futilely with his gavel.

Eventually, the crowds quieted down and A.W. in the faintest of voices read his motion. Finally, to get the convention going again it became necessary to have one of the secretaries reread the resolution in a tone of voice that could be heard; whereupon it was adopted.

Later, when I spoke to him about the thrill of that demonstration in Cleveland, I knew and he knew that it had been a truly great and satisfying experience, the experience of a lifetime. We didn't linger over it in our conversation. I grinned with delight, but he just smiled.

The Convention nominated Calvin Coolidge for President and General Charles G. Dawes, an eminently fit man, for Vice-President. Yet neither Dawes nor Coolidge nor any other but A.W. had been the real hero of that convention, and it is the scene in which that fact was so noisily demonstrated that I love to recall out of what was otherwise a not especially exciting party gathering.



CHAPTER XLI

. *War Debts* .

The foreign debt—that is, the money owed to this country by the nations associated with us in the war against Germany—made A. W.'s third problem, or a third part of what was actually one big problem. During the 18 months of World War I, the Federal Government had borrowed from the people \$20,000,000,000 in a series of loans. Less than half of this money had been directly spent to support our own participation in the war; more than \$10,000,000,000, had been transferred to the associated nations in Europe. Most of this money of course had been spent in the United States for war supplies.

As the transactions worked out, the American government all through the war and for months thereafter had been advancing cash from its treasury to pay for these supplies for European nations, taking from Great Britain, France, Italy, Finland, Russia and other countries their IOUs, payable on demand. The United States generally paid 5 per cent on that money, most of which had been borrowed in exchange for Liberty bonds.

Throughout the period when that money was being passed out, neither England nor France had suggested that the transactions be handled on other than a strictly business basis. Seemingly they wanted no subsidies nor contributions nor money gifts of any kind from the United States

during that period; and for a very good reason. The British government well understood that if it accepted money favors from the United States it would be obliged to accord similar favors to all the nations of Europe that were indebted to Great Britain, and Britain had been a creditor nation for a much longer period than the United States.

Most sensible persons would have agreed as World War I ended that the debts were a problem, but few realized what a terrific problem they represented. The nations that had borrowed this money had given in exchange what purported to be demand notes. When A. W. took charge the United States Treasury had these pieces of paper and likewise had the tremendous obligation of repaying to the holders of Liberty bonds all of that borrowed money which Europe was not paying back and which, already, as a debt was growing cancerously, because of the unpaid interest accruing second by second.

Unpaid interest alone amounted to about \$1,400,000,000 when A. W. took over the Treasury Department. In that time a billion dollars was recognized as a staggering sum of money. There had never been a fiscal problem of such stupendous proportions; and the economic stability of the world depended on a satisfactory solution. Most men were simply bewildered in the face of it and it became apparent that the debtor nations were talking themselves into a frame of mind that would lead to repudiation—with unpredictable consequences to a civilization based on the sacredness of contracts.

Not long after A. W. entered the Cabinet he had asked President Harding to arrange for his authority to settle the debt. That would have been a sound procedure, to have the

chief fiscal officer of the American government deal with this big fiscal problem, and Harding had been eager to have it handled that way. But Senator LaFollette and his bloc had succeeded in frustrating this plan.

Thereafter a debt commission was set up with A. W. as chairman. The other members were Secretary of State Charles Evans Hughes; Secretary of Commerce Herbert Hoover; the chairman of the Senate Finance Committee, Reed Smoot of Utah; Representative Theodore E. Burton of Ohio; and an Assistant Secretary of the Treasury, Eliot Wadsworth.

Lloyd George had been the first to use the word "cancellation" [in a letter to President Wilson in 1919] in connection with this debt. That word was still reverberating in many chancelleries when A. W. became chairman of a commission with power to deal with the debt. With no shreds of fog whatever in his mind, A. W. told reporters "cancellation is the next thing to inconceivable."

I don't know how the British and other nations manage these things, but repeatedly in our past they have succeeded in enlisting soft-minded Americans on the side of all sorts of schemes detrimental to America. A. W.'s fury at this attempted treachery to our partnership with other nations was still fuming as late as 1927 when he replied to a letter from John Grier Hibben, the President of Princeton University. To him he wrote: "I am not going to attempt a discussion of the military contribution made by the United States to the winning of the war other than to remark that, when the crucial period was reached in the spring of 1918, our troops were there."

I think that he might have spoken even more strongly if

he had been writing to Dr. Hibben five years earlier, on a morning in August when I arrived in Washington for our regularly weekly conference. I have never seen him so indignant.

Arthur Balfour, whose place in the British Cabinet was that of Lord President of the Council, had developed an idea about this obligation that was as ludicrous as anything in any Gilbert & Sullivan operetta. Balfour had been writing to George Harvey, then our Ambassador to the Court of St. James, and Harvey, in turn, had been communicating with A. W. In a note to Harvey, Balfour had written that the administration of President Wilson had refused to advance money to France and the other nations opposed to Germany unless Great Britain guaranteed repayment.

As I came in for breakfast one morning, A. W., rarely excited so early, was really mad. He read aloud to me from a letter in his hand. It was a copy of the note which Balfour had sent to Harvey and which Harvey had sent along from the United States Embassy in London to A. W. in Washington. Balfour had written:

“It should not be forgotten, though it sometimes is, that our [British] liabilities were incurred for others, not for ourselves. The food, the raw materials, the munitions and half of the £2,000,000,000 advanced to allies were provided not by means of foreign loans but by internal borrowing and war taxation. Appeal was therefore made to the United States; and under the arrangement then arrived at the United States insisted in substance, if not in form, that although our allies were to spend the money it was only on our [British] security that they were prepared to lend it. This cooperative effort was of infinite value to the common

cause but it cannot be said that the role assigned in it to this country was one of special privilege or advantage."

A.W. rarely swore, but he swore then as he characterized that statement by Balfour as "a lie." Although A.W. knew that the statement was utterly without foundation, before he talked back to Balfour he had all the documents in the Treasury file bearing on these loans examined, document by document, to make sure that there was nowhere some statement that gave even the color of truth to the Balfour statement. After making absolutely certain that he was right, A.W., in a public statement, quoted from diplomatic records to prove Lord Balfour's statement was utterly erroneous.

The fact was that the obligations of all those foreign governments had developed entirely in the United States through purchases made here and our advances almost invariably were for the purpose of covering payments for those purchases. The nations allied with us bought goods in this country and our government paid for them as the debts were contracted. The British had nothing to do with it except on account of their own purchases. In his public reply to Balfour's argument, A.W. said:

"The statement that the United States virtually insisted upon a guarantee by the British government of amounts advanced to the other allies is evidently based on a misapprehension. Instead of insisting upon a guarantee or any transaction of that nature, the United States government took the position that it would not require any government to give obligations for advances made to cover the purchases of any other government. Thus the advances to the British government evidenced by its obligations were made to cover its own

purchases, and advances were made to the other allies to cover their purchases.”

When A.W. privately discussed Balfour’s maneuvers, he used language as strong as any I have ever heard him employ, but it was scarcely more withering than the language used by honorable people in England. A leading editorial in the *London Times* at that time asserted that Balfour’s note had not been unanimously endorsed by the British Cabinet, which had read it in advance of transmission.

The *Times* further said: “Of our view of the Balfour note we have no secret. Before it was issued we warned the government against the consequences it must entail. Upon its publication we deplored and condemned it—in agreement, as we have reason to know, with the large majority of competent financiers and business men of this country and with a considerable section of the cabinet itself. . . . It has estranged, as it was bound to estrange, American feeling. It wrecked, as it was in the circumstances almost inevitable that it should wreck, the Downing Street meeting; it precipitated the German mark to lower depths; and it complicated exceedingly an already perplexing international situation.”

To A.W., cancellation was outrageous and precisely as much to be resisted as an invasion. As a banker, he saw that the greatest credit operation in the history of the world was being defaulted. If default was to govern the biggest, what would happen to lesser obligations? What about the myriads of little credit transactions whereby our civilization is carried on?

A settlement of that enormous debt was difficult to achieve. A.W. never lost a chance to repudiate cancellation as a tenable idea, yet he well understood that the debts could not be

paid in the form in which they had been inherited. A big part of his problem was the overwhelming ignorance of the Congress. Really only a few men of the House and Senate were equipped to think about this problem. One absurd scheme which seemed to possess appeal for many Congressmen was a proposition to take five billion dollars out of the British and lend it to western farmers at six per cent interest.

The English *could* pay by shipment of goods but we barred that by our tariff laws. Why, then, did they not ship us gold? They did not have the gold. Yet they might have paid us with rubber, tin or other useful raw materials. In my talks with A.W. he sometimes pointed that out, just as a reminder that a settlement of that debt was no hopeless matter, and it was his continuing policy from the beginning to keep the debt, as he said, "alive."

Consequently, it was alive when the Lloyd George government fell in November, 1922, with the further result that Balfour and Winston Churchill, fellow-cancellationists, went out of power. That these men went was a wholesome sign that the British people themselves had not really wanted to repudiate their debt because the new government was headed by a practical business man in the person of Bonar Law.

Stanley Baldwin, who became the new Chancellor of the Exchequer, was forthright in declaring that the debt represented an obligation which his country's honor required it to fulfill. Thereafter, the negotiations proceeded on an honest basis. Sir Montagu Norman, as the representative of British statesmen to whom the words "default" and "repudiation," when applied to Britain's debts, were entirely hateful, really had power. When in Washington he went to

live, not in the British Embassy but in the apartment of A.W., and when A.W. went to England in connection with this same great job, he stayed not at the American Embassy nor in some hotel but at "Chequers," the country residence of the British Prime Minister.

Finally on January 8, 1923, as the result of a number of preliminary discussions, there arrived in Washington a British debt commission which included both Sir Montague Norman and Stanley Baldwin, the Chancellor of the Exchequer.

At their very first meeting, A.W. put the discussion on an easy, forthright basis. He said: "Let's agree no one is to be held responsible for anything he says. Then we can talk with the utmost freedom, air our views and exchange opinions on all aspects of the question. I think we can reach an agreement quicker that way."

In four joint meetings they came to an agreement. One Sunday afternoon, they held their critical session in A.W.'s Washington apartment and brought forth a single type-written page that fixed the payments the British should make at a total of \$4,600,000,000. Besides reducing the debt to a round number \$4,600,000,000, it was provided that the first year's instalment on the principal would be \$23,000,000. That was at an interest rate of one half of one per cent.

The contract further provided that the yearly payment would increase each year until the sixty-second payment in 1948 would amount to \$175,000,000. During the first ten years, until 1933, the interest rate was fixed at three per cent. Thereafter it was fixed at three and a half per cent. The British delegates could go home and report that they had saved British taxpayers about \$2,000,000,000 in this

settlement, and A.W. and his associates could tell the American people that what had been a cause of international ferment had been transformed into an investment.

On February 7, 1923, at a joint session of the two houses of Congress, President Harding appeared and asked the Congress to accept and ratify the Baldwin-Mellon plan of debt settlement and this was done. In July, A.W., following his habit, went abroad for a vacation and visited England. The debt settlement was no longer a nagging issue. A wheelbarrow load of demand notes had been shipped to England and the United States Treasury in turn had received \$4,600,000,000 in British government bonds.

Because the matter was settled, A.W. was hailed in England as a great man, although his trip was entirely unofficial. At a banquet presided over by the Lord Mayor of London, he was the guest of honor and Stanley Baldwin was the chief speaker. Some of what Mr. Baldwin said that night remained in A.W.'s mind long afterward. Although I was not present, I can well believe that A.W. was disposed to nod approval when Mr. Baldwin expressed the view that the rapidity with which that great question was solved "arose from the fact that neither the Governor of the Bank of England, nor I, nor Mr. Mellon had ever at any stage of our lives been members of the legal profession and that we were all three of us, individually and collectively, far more business men even than we were politicians or statesmen."

Of course, the settlement of the debts was a very involved and long drawn-out affair, lasting through the Harding and Coolidge administrations.

There had been changes in the American Commission. It still included Senator Reed Smoot, as Chairman of the

Senate Finance Committee, and Theodore Burton, of the House of Representatives, and Herbert Hoover, the Secretary of Commerce, but it also included Secretary of State Frank Kellogg in place of Charles Evans Hughes, who had retired. Richard Olney, a lawyer, and the Chicago manufacturer, Edward Hurley, also were members.

When the time approached for dealing with the French, A. W. was worried. As a pitcher warms up with practice throwing before going into a ball game, so A. W. warmed up with the Belgians, before dealing with the French.

Negotiations with the Belgians began in August, 1925. Almost everybody in America felt that we should be extraordinarily tolerant with this little nation. A basis of settlement was swiftly reached in five steaming hot August days; and, when the terms of a proposed contract were agreed on, that document was taken by A.W. and Senator Smoot to President Coolidge at Plymouth, Vermont, where he was spending his vacation, and, of course, he approved what they had done. The Belgian Commission went home happy; and A.W. and Coolidge, too, were happy about that transaction.

Concerning the French, however, A.W. had only forebodings. They are really a peculiar people where business is concerned. I had done business with them, and A.W. had done business with them, and both of us were inclined to smile wryly, in agreement with Henry McEldowney, president of the Union Trust Company of Pittsburgh. McEldowney used to say that he simply could not understand the French nor the French way of doing business. He had spent his summers in France during a succession of years and his idea of a vacation was to spend a lot of time in banks over there. He finally gave it up, saying that they baffled him.

The French were certainly being unpleasant in that summer of 1925. Their press, by way of preparing for the negotiations to come, was barking and snarling at the United States and Americans. A.W. was prepared to deal with them as you might deal with the orientals of North Africa or the Levant.

When the French delegation came to this country it was just about as bad as it could be, for it was headed by a man many Frenchmen had been disposed to shoot as a traitor, Joseph Caillaux. Besides Caillaux, the delegation included four members of the French Chamber of Deputies and four Senators.

But that was not all. There were all sorts of "experts," including some bankers, and, in addition, an extraordinarily large group of journalists. What they had come over here to do, as much as anything, was to put on a show for the folks back home. From the first A.W. knew they had not the faintest idea of trying to adjudicate the great problem of the debt. Their habitual manner was cynical. They scarcely tried to disguise feelings of contempt for the creditor nation.

A.W. met the French delegation at the elevator in the Treasury building and conducted them to the meeting room. He was affable and friendly and prepared to negotiate in the same practical, business-like manner in which the negotiations with the British had been carried on. Caillaux spoke at no great length at that first joint meeting and then handed A.W. a document which contained, in tabular form, a statement of the amounts that France considered herself able to pay. Also it contained a statement that at once made the French debt look like a bad debt. Amounts named in that document were not what France owed but what she was

willing to pay. A.W. took the paper from Caillaux, put it in his vest pocket, and said simply that his commission would study it and reply.

At the next meeting of the two groups Caillaux made a speech that was really a performance. He flailed his arms. He cried. So great was the exertion of the histrionics that he became red in the face. His poor country, which by that time had become the most powerful in Europe, was, he wailed, in a desperate plight. When this French politician had finished, A.W. said "We thank M. Caillaux for his offer, but it is unacceptable."

In the vaults of the building where they had talked there were about 50 notes at five per cent that had been given by the French government to the United States in exchange for war-time credits. Those credits had been negotiated by Ambassador Jusserand. For those notes France had received \$1,844,000,000 of American cash, and this money she had used chiefly in buying munitions. In addition to this debt, the United States government had advanced \$684,000,000 so that France could meet maturing commercial obligations. There was a further purpose there: to support the franc in international money markets.

But there was still a third debt which fell into another classification. While the American army was getting out of France after the Armistice, the French acquired, at a bargain price, warehouses full of American goods that had been shipped abroad to supply our army. The French government bought what was useful to it and "charged it," just as a housewife might "charge" her day's shopping at a department store where her husband's credit was approved. For this enormous purchasing of post-war bargains. France

owed us \$407,000,000. These three big debts, aggregating \$2,933,000,000 amounted, with accrued interest, to \$4,227,000,000.

Of course, A.W. was too astute a banker to have waited to be informed about the French position, the French need, or the French capacity to pay until he heard about them from the lips of Caillaux.

Garrard Winston, an Under-Secretary of the Treasury, all that summer had been in Europe and he had sent almost daily additions to what finally became a voluminous report. Consequently, A.W. thoroughly understood the French position. He knew that the financial affairs of the French really were in a desperate condition, but largely because of what he deemed to be unsound banking methods. France's situation had nothing to do with the economy of the French nation nor its resources. France was worthy of a huge credit on the basis of her assets, but she certainly had no credit in this country while the war debt remained unsettled.

Yet the United States was the only place in the world to which the French could come with any hope of borrowing the money needed to set their financial house in order. If the truth were known, there was probably a better market for German securities in this country at that time and American bankers certainly were not disposed to offer new French securities to American customers.

In London, Under Secretary Winston had learned—and he so cabled A.W.—that the British Treasury believed that, within a space of a year or so, France could start paying between \$150,000,000 and \$200,000,000 a year on her debts to England and the United States. That difference of \$50,000,000 in their estimate was a variation depending on

the amount coming from Germany to France under the Dawes Plan. The British government financiers believed that France, in 1925, with or without German reparations, could pay at least \$150,000,000. In the opinion of the British, France was at least as well off by 1925 as she had been before the war.

Seemingly, the French would have allowed this situation to drift on for a much longer time except for one thing. The French needed and hoped to get more money from America. Of course, such a hope could have no solid foundation if they failed to pay us for those warehouses full of goods which they had bought as the American army prepared to leave French shores. That transaction had been effected in 1919. We had received from the French notes at five per cent interest and these notes ran for ten years. They would fall due in August, 1929.

Had the French been "stuck" with all this merchandise? Not at all. They had sold American goods all over Europe for cash, and they had this cash, whereas America had nothing out of the transaction except \$20,000,000 a year in interest. That the French had paid. Of course, if the French could re-fund all their debt, and include this purely commercial transaction as a part of the bigger one, they would be saving a considerable amount of interest. But every dollar French taxpayers saved, as A.W. saw it, was a dollar lost by the American taxpayers.

In proposing to incorporate that \$407,000,000 item in the war debt, the French were behaving in that manner which made them such a bewildering people to McEldowney. But A.W. told me that he would have agreed to that inclusion if their other proposals had been even halfway reasonable.

Caillaux, in offering to pay us \$25,000,000 annually for the first five years, was offering really only five million more than the \$20,000,000 in interest which the French were obliged to pay on that unpaid commercial transaction.

In the French proposals, moreover, there was another clause that made A.W. see red. This said that if "any of the essential elements" in France's national assets should fall short, then the treaty would end and all payments stop. Of course, this was simply making payment of the French debt depend on payments to France from Germany. It seemed quite obvious, even in 1925, that the day might come when a French government would rather please Germany than America. So it was clear to A.W. then that the so-called "safeguard" clause meant that, from the day such an agreement was signed, ingenious Frenchmen would be racking their brains to invent an excuse to stop payment.

Joseph Caillaux got nowhere with A.W., who knew that the British had forced out of Caillaux a tentative agreement to pay on the war debt to Great Britain at the rate of \$60,000,000 a year for 62 years. When the French delegation sailed October 2, 1925, there had been no settlement.

However, in the following January Henry Berenger, who had been a member of the delegation headed by Caillaux, returned to America as Ambassador to the United States and with him A.W. quickly reached an agreement. He consented to the inclusion of that \$407,000,000 commercial obligation with the war debt.

As they settled it (President Coolidge and Congress approved) payments began June 1, 1926, at \$30,000,000. The contract provided for an increase in each yearly payment until the final installment in 1987 would total \$123,-

700,000. The interest was to start at one per cent in 1930 and increase slightly until, in 1965, it would become fixed at three and a half per cent..

Even though this arrangement actually meant that the United States was cancelling half the debt, the French government haggled on and did not finally and formally ratify the contract until July, 1929. The French government accepted it then only to avoid paying, or facing the consequences of not paying, the \$407,000,000 commercial debt which would have fallen due in August of that year.

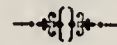
As A.W. said: "The United States owed no one; everybody owed the United States." Consequently, there were still many nations with which to effect settlements after the English, the Belgians and the French had compromised their debt. However, the negotiations with Italy, Poland, Roumania, Estonia and other small nations were relatively simple when the pattern had been fixed. In each instance the settlement provided for annual instalments to be paid to a conclusion 62 years after the first instalment. Every single one provided for an enormous reduction in interest.

Likewise, each settlement called for relatively insignificant payments during the first few years after the settlement was agreed upon. As A.W.'s report of 1925 shows, in each one of those settlements he and his fellow commissioners had been concerned to preserve and improve "the economic position of the debtor nation, to bring its budget into balance and to place its finances and currency on a sound basis."

The work of the World War Foreign Debt Commission, of which A.W. was Chairman, was presumed to be finished in 1927. When it went out of existence, borrowing of thirteen nations had been funded and only the Russian debt remained

unsettled. To Russia we had advanced \$192,000,000 but it was impossible to settle with the Russians when we were not diplomatically on speaking terms with them. Various other smaller debts had been put aside in one way or another as uncollectible at the time. In spite of these exceptions well over \$9,000,000,000 of the \$10,000,000,000 debt had been funded.

The whole problem seemed to have been solved as well as it could be by the chief fiscal officers of the nation. Yet of course, it was not really solved.



“The people” is a bad employer. This thought was expressed differently by Machiavelli and by others who have pondered the subject more deeply than I. Nations are commonly ungrateful and unappreciative, even cruel, to those who give them the greatest service. Notwithstanding a tendency to deify national heroes, this truth remains and comes into wonderfully clear focus in the case of this man to whom I was so closely attached throughout my life. I have some capacity for measuring the rewards which he received from business ventures to which he applied his intellect. Furthermore, I know that he gave to this foreign debt problem alone just as intensive thought and labor, certainly, as he had given to the various big corporations that had grown and flourished under his guidance. But consider how differently the two classes of service paid off!

It interests me sometimes to project a hypothetical corporation, to which A. W., had he not been engaged in public service, might have devoted the time and energy and talent that he devoted to the debt settlement; or, for that matter,

to all the affairs, taxation and other fiscal matters, of government. I dare say that he might have created another private business structure of fabulous proportions, and possibly lived longer, although as to that I can't be sure.

Nevertheless, there is some evidence, certainly enough to satisfy me, that the New Deal was obliged, as a part of its campaign to stay in power, to destroy his reputation. How else can anyone explain the wanton cruelty of the New Deal's false tax case against him?



CHAPTER XLII

Mr. Coolidge Decides

The years had rolled around and it was now time for another presidential election. In May of 1928 I became a delegate to the National Convention of the Republican Party. I had been Chairman of the Pennsylvania State Committee since October, 1926. The way was wide open. Coolidge said he was not going to run. Within the party there was terrific opposition to Hoover, who was openly a candidate. But no matter how industriously Hoover sought to improve his status, A.W.'s stature greatly overshadowed that of Hoover. So long as our own Pennsylvania delegation believed in the possibility that A. W. Mellon might run for the Presidency they were bound in an unshatterable unit.

Powerful Republicans in the West had been urging A.W. to accept the support of their delegates, as winter came on in 1927, but then A.W. discouraged us all. When questioned on the matter in Washington by newspaper reporters, he made his denial of being a candidate so positive as to make Mr. Coolidge's "I do not choose to run" by contrast seem almost coyness. A. W. flatly said that he was not a candidate, "now or at any time."

I remember that I called A.W. on the telephone and chided him a little, explaining that his statement to the newspapers had undone a lot of good work. I said it had been poor politics to discourage our organization so early. I told

him that strength for his candidacy had developed among rank and file party workers and this impressed me far more than offers of support that were coming to A.W. from more influential individuals. But A.W. was very much in earnest about not running. He soothed my ruffled feelings and then ended our conversation with the plea that he had an engagement to play poker with Ogden Mills, Alice Longworth, Senator Edge of New Jersey and a few other Washington cronies.

The very fact that he had so early eliminated himself from consideration as a candidate made him all the more powerful as a Warwick. Nobody could say for sure who would be the Republican candidate. Prior to his renunciation of candidacy many friends had tried to persuade A.W. that it was his duty to keep himself available if the party should call for him. In various conversations he told me that such criticism and slandering as had been directed at him as Secretary of the Treasury (and mainly because of his fortune) would be only a sample of what he could expect to receive as a Presidential nominee.

He plainly did not want the office and never day-dreamed himself into the White House for a single moment. Nevertheless, he knew as well as I did that Pennsylvania Republicans did not want Hoover, and Senator Edge knew that New Jersey did not want Hoover. There were other states where the party men would have preferred somebody else—Lowden, Dawes, Hughes, any one of half a dozen leaders.

I know that A.W. had talked to Mr. Hughes, who by this time had returned to his private law practice in New York. Hughes had told A.W. that, if the nomination were offered him, he would accept it, but he said also that he would not

make the slightest effort to get the nomination. A.W. also liked both Dawes and Lowden; and either of them, he felt, would have made a strong candidate had they not placed themselves on record in favor of the McNary-Haugen bill, whose advocates contended that it was to do for the farmer what our tariff laws had been doing for industry. A.W. believed as Coolidge did that the McNary-Haugen Bill was quack economic medicine.

I knew how A.W. felt about all these men, but I know, too, that he really was striving to be neutral as to the Republican leader in the race then developing. Ogden Mills, Under-Secretary of the Treasury, was actively campaigning for Hoover and I have no doubt that Mr. Hoover knew that he could not hope to achieve his ambition without the Pennsylvania delegation. Hoover got young Senator David Reed to intercede with A.W. As a result Mr. Coolidge's Secretary of the Treasury invited Mr. Coolidge's Secretary of Commerce to lunch. A.W. on that occasion told Hoover that he proposed to remain neutral and would not commit himself, but he also told him that he expected that he might be supporting him later on.

A.W. right then was hoping against hope that the mind of Calvin Coolidge could be changed, but there were others—although I myself was no longer among them—who continued to hope that A.W.'s mind could be changed. One of these was Frank Kellogg, who had succeeded Hughes in the Coolidge Cabinet as Secretary of State. Even Henry Ford, in that same month early that year, had told a newspaper interviewer that Andrew Mellon would be his choice. There were a lot of people expressing similar opinions.

Our Pennsylvania delegation met in Philadelphia on May

12, 1928, and elected A.W. chairman of the delegation. Thus A.W. was raised to a position which would make him the most powerful single figure in the decisions of the coming Republican convention.

Hoover's pre-convention campaign had been conducted adroitly and he had rounded up enough delegates to assure his nomination provided he might also include the 78 from Pennsylvania. But A.W. was not yet ready to commit himself or the nation to Hoover, even though he did say in his speech: "Mr. Hoover seems to come closest to the standards we have set for this great office." But he made that statement after expressing regret that President Coolidge had continued in the same unwilling frame of mind.

Even as late as June 8, A.W. was trying to persuade President Coolidge to relent. I know for a fact that he did his very best to change Coolidge. Now, I don't mean by that to imply that he was trying to do any high pressure selling because that would have been totally out of character for him. But he certainly pressed his point until Mr. Coolidge was almost out of temper with A.W., although Coolidge had no enthusiasm for the candidacy of Herbert Hoover.

Repeatedly, during the first week in June 1928, A.W. had luncheon or breakfast conferences with Dwight Morrow, who was keeping alive a hope that the party could be induced to draft Coolidge. But in these meetings of the Cabinet, at which Coolidge presided, Hoover was seeking every opportunity to discuss his own candidacy with A.W. Mr. Hoover, in those early days of June, was complaining about the attitude of President Coolidge. He argued that if the President were drafted, at least 200 of the delegates who had now pledged themselves to Hoover would never go to Cool-

idge. As to that A.W. disagreed. Also, as late as June 7, A.W. considered Hughes a possibility.

R. B. Mellon and I were in conference with A.W. on Sunday, June 10, before our special train left Pittsburgh for Kansas City and the convention. Every time the train stopped on its way west, reporters and photographers swarmed aboard, all wishing to focus their questions and their cameras on A. W. Then, in Kansas City, the majority of our delegation were made indignant. William Vare, the Philadelphia boss, issued a statement endorsing Hoover. This was a futile breach of an agreement for unanimous action by the delegation.

That night A.W.'s bedroom in the Muehlbach Hotel in Kansas City was the nerve center of most of the activity in hundreds of other hotel rooms. A.W. was having a wonderful time. After a light supper, clad in pajamas, he climbed into bed and was thus prepared for an all-night conference if necessary. Of course, our own Senator, David Reed, was there as well as Senator Smoot of Utah, Senator William E. Borah of Idaho, and William M. Butler of Massachusetts.

The Pennsylvania delegation was my job. I knew every one of its members and was riding herd on them, all the more carefully because of Vare's treachery, although we had been irritated rather than worried by the latter's announcement that the 15 Republican delegates would cast their vote for Hoover. Everybody knew that Vare was trying to jump onto the bandwagon in the hope that he might finally get into the Senate.

Hot as it was, A.W., as he lay there in bed smoking his stogies, one after another, was as relaxed as if he were merely watching events unfold. After experience with other

conventions, he was saving himself as carefully as a jockey saves his mount. Before I left, A.W. was smudging out the lighted end of his stogy in a glass ash tray and getting ready to sleep during the few hours that were left of the night.


In the morning we met again and there the candidacy question was settled: The Pennsylvania delegation would vote for Hoover. We had settled more than the fate of Hoover in that room. Senator Curtis of Kansas had come there in an almost adventurous effort to keep alive his own candidacy for the Presidency. A.W. was courteously blunt with him. Curtis had strength with the Middle Western farmers—in the wheat belt especially. A.W. interrupted Curtis's assertion of his claims for the Presidential nomination to ask him if he would accept the Vice-Presidential nomination. Curtis was a pretty shrewd politician and, of course, he persisted in saying that he was seeking the Presidency, but he was back the next morning well aware that the Pennsylvania delegation was in the Hoover bag. Again A.W. asked him if he would run on the ticket with Hoover. Curtis refused. But A.W. was too old a hand at trading not to note and appraise the hesitation that preceded that refusal.

The next morning, A.W., as Chairman of the Pennsylvania delegation, made a statement for Hoover to which the convention responded with great enthusiasm. There was no longer any important matter in doubt except as to the Vice-Presidency. Curtis, in due course, was nominated on June 15, and our delegation boarded its special train for home.

Dick and I rode to Pittsburgh in A.W.'s private car. It seems to me now that this was the last time that A.W., R.B. and I made a long trip together, riding home from the Kansas City convention. Governor Fisher was in the car; and in

the course of the journey, that troublesome fellow, Vare, came in to call and got a cold reception.

R.B. and I got off at Pittsburgh and A.W. continued to Washington. A.W. was accompanied by a young man who had become increasingly valuable to him. He was David Finley, and A.W. was grooming him even then, I think, for work that was assuming a much greater importance to him than politics, just as politics had come to occupy him more than business.



CHAPTER XLIII

International Crisis

A. W. had never been in any sense of the word a Wall Street man. He was objective as to Wall Street. For months before the 1929 crash he had begun to signal "danger ahead." A year before the crash he was convinced that the use of bank credit to support the extraordinary trading on the Stock Exchange constituted a danger. Naturally, he didn't want to *start* the panic. He would have preferred to see the unhealthy situation tamped down, and he went just as far as he dared to indicate his conviction that there was over-speculation.

President Hoover, too, was convinced that something ought to be done to curb speculation. Indeed, he wanted to do more about it than A.W. believed wise. A.W. felt that just about everything possible had been done. For months prior to the collapse in Wall Street he had been striving for an increase in the money rate. He and Roy Young, Governor of the Federal Reserve Bank, supported by Edmund Platt, the Vice-Governor, had been bucking the rest of the Federal Reserve Board, who were opposed to any increase in the discount rate. These three, A.W., Young and Platt, were a wise minority. Governor Young and A.W. were the only practical bankers on that Board. There were six other members, however, and they were good men; but

a lawyer, an economist, a merchant, and a farmer were disposed to make banking credit easy.

That daily flood of transactions in Wall Street was sucking out of commerce and industry the money needed to keep it going. In Wall Street you couldn't find one investor to the acre. They were gamblers and they were gambling on borrowed money. In so far as his voice was influential, Carter Glass, as a former Secretary of the Treasury, was helping A. W. The need was to create gradually a stricture in the flow of credit to gamblers in Wall Street without imposing a penalty on legitimate commercial and industrial borrowers. A.W. felt that increase in the discount rate was inevitable, and he voted for raising it, against the majority, and then went to the White House for a conference with Hoover in which he criticized the majority.

A.W., Governor Young, and Platt were of the opinion that the rate ought to go up ratchet-like, point by point, to 10 or 12 per cent if that should be necessary. They argued that, even if there was hazard of bringing on a Wall Street panic, that would be better than letting the craziness go on. Well, that situation began to resolve itself on October 23, 1929, when in a single day billions of paper values were washed out, and, with them, tens of thousands of narrowly-margined speculators. From the beginning of the depression, Hoover tended to ignore A.W.'s advice. I think that A.W. was disappointed rather than irked whenever this happened. I remember a visit of mine to Washington in November 1929 when the President, at a Cabinet meeting, had said that he wanted to call a conference of industrial leaders. Hoover thought that if the situation were considered in that manner that it would promote orders; railroads would buy needed

equipment; construction would be encouraged. It was Hoover's idea that these measures would halt the downward spiral.

But A.W., as Secretary of the Treasury, disagreed; and he continued to "disagree" about this plan as he talked with me. He said that the purpose was admirable and the program sound enough except that it was premature. He said that the situation would become intensified because the conference would scare people by impressing them with the seriousness of the situation. Furthermore, A.W. believed that this was a "bullet," to be saved for firing off later on. However, as we talked, the President had already sent Julius Barnes to New York to get that conference of industrial leaders under way. As he told me of these events, A.W. shrugged his shoulders. By that time he was getting used to having his advice ignored.

Twice at least, early in the depression, President Hoover had consulted A.W. about statements which he proposed to issue. A.W. knew, and he told me in the very beginning, that the stock market crash in Wall Street was no temporary thing, and I agreed with him. We had had too many sure signs.

For example, there was Carborundum. If the great factories and machine shops were not ordering grinding wheels, it meant that they weren't planning to make things. We always watched Carborundum as a barometer of business. President Hoover displayed no faith in such signs. He put out several statements in which he characterized the situation as just a Wall Street panic, but A.W. predicted to me that it was to be compared with the hard times that began in 1873—and, of course, he was entirely right.

It was not generally realized in the United States then that it was not an American problem alone which had to be dealt with but a world problem and that there had been a subsidence of the economic foundations in Europe. In place of the Dawes Plan for the payment by Germany of reparations as provided in the Treaty of Versailles the Young Plan had been formulated. There is no need to review here the succession of steps whereby Germany, under Chancellor Heinrich Brüning, was repudiating its foreign debt. Abroad, things were going from bad to worse. Each cataclysmic change in Europe necessarily worked further damage to us.

It so happened that in 1931 A.W., who, for so many years, had spent a part of each summer abroad, was intending to go to the Riviera and also had in mind a Mediterranean cruise, but he went first to England. His son Paul was completing a year of post-graduate work at Cambridge, England, and, by a nice coincidence, A.W. was to receive from Cambridge an honorary degree of Doctor of Laws.

Scarcely had he arrived in that quiet place of scholarship, when he was called to action by a transatlantic call from the White House. Ogden Mills was telephoning. The international financial situation had been made frenzied by the failure of the Credit-Anstalt Bank in Vienna. Every financial center and every chancellory in Europe was seething as a result; for that matter so were Washington and New York.

At last Hoover was concerned to get A.W.'s advice. So instead of quietly enjoying the Cambridge exercises with Paul, poor A.W. had to spend hours and hours sweating in a telephone booth in the lobby of his little Cambridge Hotel. Probably not even in Vienna was there so much excitement as around that hotel as word spread that the American in the

booth was actually talking to the President of the United States in the White House, and that they weren't measuring their talk in minutes. As I recollect, the tolls amounted to several hundred pounds. As A.W. arrived at Claridge's Hotel in London, the telephone was ringing in his suite. Ogden Mills was again calling from the United States to tell him that the German situation had become even more critical. Hoover desired A.W. immediately to get in touch with English leaders. Hoover and A.W. had discussed this terrible situation as a possibility before A.W. had sailed from America and their views this time had been pretty much in harmony. At any rate, Mr. Hoover, through Mills, informed A.W. that he would postpone any action until A.W. had had an opportunity to consult Montague Norman, Governor of the Bank of England; Ramsay MacDonald, the British Prime Minister; Philip Snowden, the Chancellor of the Exchequer; and the Foreign Secretary, Arthur Henderson. The possible consequence of letting affairs on the continent take their course unchecked were, anyone would have said then, unspeakable.

What impended was not just the collapse of Austria but the collapse of the economic structure of the Old World. Failure of the Austrian Credit-Anstalt bank was certain to affect just about every international debt settlement that A.W. had arranged. In short, the least this financial catastrophe could mean to the United States was further compression of that already hammered down \$10,000,000,000 debt. Under the stress of these new blows the debt would be forged still thinner.

During the preceding seven years—that is, from the time the Dawes Plan had been formulated, to this crisis in 1931—

the Germans had been ceaselessly scheming and plotting to evade payment of Germany's obligations. During much of that time Germany had been treated with extraordinary consideration by investors in other countries, so that she had been paying on her reparations account with borrowed money, and the bulk of that money had been borrowed in America—about \$4,000,000,000, half in long term bonds, and the rest in notes subject to call. They were demand notes.

During the year preceding this crisis, S. Parker Gilbert, who had formerly been Under-Secretary of the Treasury, and had left this post to supervise operation of the Young Plan in Germany, had been in correspondence with A.W. and his letters reported how Germany was campaigning to invalidate the pledge which she had signed.

A.W. realized that Germany's behavior had cost her the faith of those from whom she had been borrowing. During the six months preceding the crisis something like \$660,000,000 of her borrowed funds had been taken back from Germany by the borrowers.

On top of the accumulated effect of these withdrawals, there was another financial thundercloud over Germany and all Europe. Germany's annual reparations payment of approximately \$400,000,000 was due on July 1, 1931. That was when the crisis could be expected.

The British leaders at that time did not mince words. They described as "blackmail" the maneuvers of the French Prime Minister, Laval, designed to gain out of that dreadful situation, political advantage for France. Not even A.W. was able to get a helpful or a revealing statement from the French officials as to France's probable attitude should Great

Britain and America take any one of several kinds of action that seemed feasible.

The strain A.W. was under then must have been terrific, not so much because he was 77 years old as because he so terribly appreciated the probable consequences should the impending collapse occur. He well knew that the only hope of keeping it from occurring was sensible action on the part of the United States.

Among his papers today is a copy of a five-page telegram to President Hoover which embodies his recommendations as to the course that this nation should follow. He was in accord with the French officials as to one thing: Germany would not pay the \$400,000,000 that was due on her reparations account on July 1st, 1931. As to that the British concurred. If Germany did not pay it, then France would not pay the instalment on her debt that was due to the United States. These two would set up a whole train of defaults.

Acting on the theory that we could not afford to let these nations destroy their power to trade, however willing they were to do so themselves, A.W. recommended a moratorium. Under this arrangement the United States would accord our debtors the right to suspend payments on their debts to us, which were due July 15, 1931, if they in turn similarly would declare a moratorium on German reparations.

A.W. advised that the moratorium be for two years. He further advised that nothing be done in this situation by the United States and Great Britain without consulting France. The French were out of patience with Germany anyway and mistrustful of the British; and, as A.W. told me later, somewhat contemptuous of us. There was a very positive danger that France might not cooperate.

A. W. believed that the performance in proper sequence of the steps he was recommending would relax tension all over Europe and permit sensible men in all the European countries to set about mending and strengthening the dikes that had been about to break. President Hoover announced the moratorium and it became known as the "Hoover moratorium"; but, for some reason, he ignored A.W.'s recommendation that he consult France and he limited the moratorium to one year.

In America, where there was a woeful lack of understanding of the forces operating in Europe, there was approval from Democrats and Republicans alike. The British hailed the Hoover moratorium with praise, and Hoover himself received the Nobel prize for his contribution to the peace of the world.

However much he may have relished the prize, President Hoover surely must have been set back on his heels by a message that had come from the American Ambassador to France, Walter Edge. France was angry. France had been insulted, she felt, by Mr. Hoover. The negotiations dragged out two weeks longer simply because the French felt outraged by the failure to consult them.

A.W.'s vacation was turning out to be anything but that. Instead of going to Antibes, he went to Paris and into more negotiations as a result of a request from President Hoover, relayed by Secretary of State Stimson. This request explained that, although the President was reluctant to encroach upon A.W.'s vacation, he believed deeply that he ought to go forthwith to Paris to assist Ambassador Edge in mollifying the French. Moreover, the French government was asking for A.W.'s presence.

When he reached Paris, he found that the French people, or their leaders at least, believed that the moratorium was just about the worst possible thing for France because, for scores of years, the economy of France would rest on a foundation represented by the Young Plan for Germany's payment of reparations.

The French were convinced that an interruption to that plan was in effect a violation of the graves of every French soldier who had died between 1914 and 1918 in resisting Germany. The French wanted German money or its equivalent. The basic concern of the French was to keep the Young Plan alive. The proposals from Washington were suggesting that Germany needed 25 years' relief. The French were insistent that the money Germany did not pay in 1931 must be paid in 1932.

While the discussions continued in Paris, foreign capital was moving out of Germany, thus intensifying the whole problem. Throughout those summer weeks the debates in the French Chamber and some of the imprecations screamed there were echoed in the French press, where they could be read as abuse of the United States and President Hoover.

Finally, an arrangement was made which satisfied the French and met the needs of the Germans. Germany would continue to pay into the Bank of International Settlements the usual and staggering \$400,000,000, but the money would at once be loaned back to Germany. So the Young Plan seemed to survive and the French Chamber grew quiet, the French press cooled off and the flight of capital from Germany seemed to be halted.

A.W. had left America intending to go first to Cambridge and then to visit his daughter and son-in-law. They

were vacationing at Antibes. But, on the Riviera, his vacation again had been interrupted. He had expected his young friends, Mr. and Mrs. David Finley, who were on their honeymoon, to join him there. But all were to be disappointed. When the Finleys arrived in Paris, they found a telegram from A.W., asking them to wait there for him, and plan to go with him to London to attend a meeting—and no ordinary meeting! A conference had been called of representatives of seven great nations. Now that the French had been coaxed into a better humor, this conference had become possible.

Consequently, the Stimsons, A.W. and the Finleys, with Theodore Marriner, Counselor of the American Embassy in Paris, all went over to London together and settled themselves in the Hyde Park Hotel with another spell of intensive work in prospect for poor A.W. Much is said about the disappointments of the young but too few tears are shed for the disappointments of old age and A.W., at 77 really had needed a vacation.

All through those gruelling months when the depression first broke with terrifying force, from 1929 until the spring of 1931, A.W., at an age when most men have retired from public life, had expended all his energies to alleviate the effects of that cataclysmic crash. He had, therefore, been looking forward to a few weeks with his son Paul, in England. As I have said, that hope was shattered immediately upon his arrival in England. He had dreamed of a few restful weeks in the South of France with his daughter Ailsa and her husband, David Bruce. Instead, every day, he went to the British Foreign Office where the conferences were being held. All the principal work of those conferences was being

done by the finance committee, of which A.W. was a member as the representative of the United States. The terrific urgency of the negotiations can be appreciated today by recalling just one implication in an impassioned speech by the German Chancellor, Bruening, who said, in effect: "If you *don't* help us, the German people will turn to Hitler." It was assumed by many that this was simply making a mountebank into a bogeyman when, as a matter of fact, Bruening was warning the world: "We have in Germany a man who wants to lead us to war again."

Germany was the great problem. The men with whom A.W. was negotiating and meeting, besides those with whom he had been dealing recently in France, were Ramsay MacDonald, the British Prime Minister; Dr. Bruening, the German Chancellor; and Dino Grandi, representing Mussolini and Italian fascism rather than Italy. Out of these meetings grew the so-called "standstill treaty." As a result of it, Germany was given about a year in which to cure her ulcerous financial condition; and the relief manifest as the conference was concluding its work found expression in editorials in the newspapers of London and Paris devoted to Mellon, the diplomat.

That sacrificed vacation represented the last really important work A.W. was to do as Secretary of the Treasury. His next public service was to be outright in the field of diplomacy.

A.W. had been Secretary of the Treasury for 11 years, lacking one month, on a February day in 1932, when I sat chatting with him after a business discussion in his office in the Treasury Department. His work there was done. The reality of that was inescapable. Ogden Mills had come into

the room and was talking with us. He was going to be the new Secretary of the Treasury during the last year of the Hoover administration. A.W. was going to England as Ambassador to the Court of St. James's.

I can't remember now who said what, but I do know that Mills visibly glowed with satisfaction. As Under-Secretary of the Treasury he had been devoted to A.W., but it was only natural that he should aspire to the bigger job. A.W. had long regarded Mills as the logical man to succeed him, and Hoover wanted Mills, so everybody was happy. I was relieved, knowing that A.W. now could rest.



CHAPTER XLIV

• *Ambassador Mellon* •

In February, 1932, our American Ambassador to the Court of St. James's, Charles G. Dawes, himself an able financier, was obliged by business necessity to return to Chicago and resume control of his banking interests. In appointing someone to take the place of General Dawes in London, President Hoover was obliged to find a man competent to deal with the great economic issues which would be on the agenda at the London Economic Conference.

In this situation A.W. was a natural choice. If Mr. Hoover were reelected, it would be impossible for A.W. to plan to remain in the Hoover Cabinet for another four years. The work was obviously becoming too much for him. It was apparent to all of us who loved A.W. that he was being completely worn out by the pressure of his Treasury duties. This was so even in spite of the fact that he had in Ogden Mills an extraordinarily able Under-Secretary. They thought highly of one another. Many of those factors which, in 1920, had made A.W. really fearful of entering the Harding Cabinet had become intensified under the stress of the depression.

The wool which LaFollette and Couzens had been trying to pull over the eyes of the public in the early 1920's had become shoddy wool by 1932, but it was good enough for the Texas Senator, Wright Patman. With a depression as an ally, the question was being raised again in the Senate,

thanks to Mr. Patman, as to whether a man with any financial interests could be Secretary of the Treasury. Of course, if there was any validity in that issue, then the only place to search for an appropriately pure Secretary of the Treasury would be the poorhouse.

Nevertheless, with the country plunged into one of the worst depressions in its history, I think A.W. felt that it was time a younger man took over. It was my understanding at the time, and I believe it to be correct, that A.W. could have stayed on in the Treasury had he so desired. But it would please President Hoover if he accepted the ambassadorship. It would please Ogden Mills if he accepted it; and it so happened that it likewise pleased A.W.

As I have said, I was in his office during that hour in which the appointment had become a fact. A.W. sailed on the *Leviathan* late in March 1932, accompanied by Mr. and Mrs. Finley.

No. 14 Prince's Gate, London, was to be his home for a year. This mansion was a gift to his countrymen from J. Pierpont Morgan. Actually it had been Mr. Morgan's London residence, and two homes had been thrown into one to become the permanent establishment of the American Embassy. It was a comfortable residence, although scarcely adequate now to shelter the tremendous business activity that had marked the association of the two countries in recent years. It had been furnished by Mr. Morgan with a handsomeness quite out of the ordinary.

But A.W., who was familiar with its interior, felt that it was destitute of appropriate pictures; and looking back on it, I think that the choosing from his own collection of ap-

propriate pictures to take abroad was for him one of the pleasantest parts of the entire experience.

His daughter Ailsa and David Bruce, her husband, were planning to keep A. W. company in London; and, as she was to be her father's hostess, Ailsa had much to do with the re-furnishing that went on—such things as searching out an old, oak-paneled room which was brought from some castle and built into a barren room. That became the library and, of course, a permanent part of the Embassy. That is where A.W. hung the Dutch paintings which he took abroad with him. Of course, his pictures were to remain only during the period of his ambassadorship, but they made a sensation in London.

The drawing room at 14 Prince's Gate had been re-decorated in pale gray, which made a marvelous background for his English paintings. In it were hung Gainsborough's portraits of the Duchess of Devonshire and of Mrs. Richard Brinsley Sheridan; also other great English works by Sir Joshua Reynolds, Hoppner and Romney. On the stair landing hung van Dyck's Marchesa Balbi. In the library were Rembrandts and Van Dycks, as well as pictures by Frans Hals. Of course, A.W. delighted in the sensation that his pictures made. He was as happy when the pictures were being admired as he was unhappy when attention was focused on himself.

Aside from having been married in England with a castle for a background, A.W., during almost half a century, had had much experience with life in England. He was entirely at home there and the ambassadorship opened no single door to him that had not previously been wide open. There

was in him anyway a natural, instinctive understanding of the British.

During his term as ambassador the work was less heavy than he had anticipated. For one thing, Congress had adopted a resolution which severely limited his freedom of action with respect to the debt. Nevertheless, the debt situation was throbbing as he arrived. Indeed, there was published at that very time a book called "The Truth About Reparations and War Debts." The author was David Lloyd George. It had a political purpose, of course, and was a harsh attack on Baldwin for the debt settlement that had been affected in 1923. In this work of Lloyd George, Mr. Baldwin was pictured as a child victim of the clever Secretary of the Treasury, Mellon, who was described as "keen, experienced, hard and ruthless." Again that generous, considerate and realistic arrangement was described by the still ambitious Lloyd George as in the nature of "a negotiation between a weasel and its quarry." But Lloyd George, happily had no such audience as in the past had brought him to power.

The British people received A.W. with extraordinary cordiality and the King and Queen treated him as a friend. A few years afterward, realizing that this part of his experiences was at least a thread in the fabric of British-American relationships, he dictated to Mr. Finley his recollections of his presenting his credentials as American Ambassador to King George V and, therefore, what follows is in his own words.:

"Instead of presenting my credentials at Buckingham Palace and being taken there in a state coach with outriders as is done customarily [and which for A.W. would have

been just as bad as riding in a tumbril], I was asked to lunch at Windsor. Sir John Simon, the Foreign Secretary, called for me and drove with me to Windsor, where we were received by the King and I presented my credentials with all the formality; as due on such an occasion. When they were over, the Queen joined us and the King immediately became a very genial host. As the four of us were going into lunch, the King jokingly said: 'Do you know why Sir John stands so close? He is afraid you and I will carry on some secret diplomacy under his nose without letting him know anything about it.'

"At lunch the King asked me a great many questions about pictures, and particularly about my own. He seemed to know many of those I owned. He showed great care and thoughtfulness in informing himself about matters he knew I would be interested in. Both he and the Queen talked very easily and could not have been more charming."

Thereafter, of course, he was asked to the usual court functions, dined a few times more with their Majesties, and, with his daughter Ailsa, lunched with them privately just before his final departure home. A.W. was never taken in by the seeming omniscience of royalty in certain matters. One time, after a dinner given in honor of Queen Mary and the Duchess of York, the Queen was making her progress through the rooms and asked to have the American Ambassador brought to her for a talk. Of course, she had known in advance that he would be there, as she had known what other important figures would attend. This is as natural as for a baseball catcher to put on his protective armor before going into a game. This time, the function was at Bridgewater House and the hostess was Lady Ellsmere, owner of

a collection of pictures especially notable for its Titians. On this occasion when the Queen spoke to A.W. again, she almost took him off guard by her astonishing knowledge of certain pictures which he owned.


Someone writing for the London *Graphic*, commenting on how few traces of the "American accent" his speech bore, wrote a description of A.W. as "tall, thin, elegant, composed, detached. He has even the fragile face of a dreamer and a poet." If not a poet, he surely was a dreamer, and in his dreams his subjects were the subjects in which poets glory, such as the still unrealized potentialities of man, the limitlessness of our universe and the riddle of time.

He was Ambassador for almost a year, from April 7, 1932, through the political campaign and for almost two weeks after the inauguration of Franklin D. Roosevelt. His service ended on March 17, 1933.

Naturally, from the day Roosevelt was elected, A.W. knew that he would soon return to the United States; and he came home gladly. Before leaving, he had participated in negotiations for the arrangement of the World Economic Conference that was to meet in London for discussion and possible action. That gathering met in June, 1933, when A.W. had been back in the United States for three months.

There is probably no use in speculating on what might have been the consequences of such a conference if only the President of the United States had not blasted all usefulness out of it. This Roosevelt did when he forbade any discussion by American officials who attended it of the debts which had made such a conference desirable in the cause of peace.

The day A.W. reached home, March 24, 1933, was the seventy-eighth anniversary of his birth.



CHAPTER XLV

Privileged Defamation

That birthday more or less marked the conclusion of twelve years devoted to the public service; the conclusion, that is, except for one final act of going to the White House and reporting to the new President, Mr. Roosevelt. Those twelve years that were behind him as he was about to re-enter private life had seen Andrew W. Mellon transformed into an international figure of great stature.

I saw him while his mind was full of his visit to the White House and his first meeting with Franklin D. Roosevelt.

Mr. Roosevelt had asked A.W.'s advice about a number of financial measures then pending in Congress. A.W. told me further that Mr. Roosevelt had complimented him very highly on the work he had been doing in England, especially during the months of the interregnum.

For personal reasons, R.B. and I were delighted that A.W. had returned to Pittsburgh and to private life. We were also grateful for business reasons. Of course, A. W. had been frequently in communication with R.B. and with me during the worst of the money panic, which had finally resulted in the closing of all the banks in the United States. Many cables had been exchanged; and Pittsburgh's relative calmness in that time was partially due, I think, to the fact that it had been announced that A.W. and R. B. Mellon were person-

ally guaranteeing to the limit of their own fortunes the safety of the funds of depositors in the Mellon banks.

Right across the continent there were distressing scenes in banks as frightened people participated in the money panic. The Mellon National Bank was feeling curious repercussions of these dire conditions. The great lobby floor was massed with people, most of them too preoccupied ever to look up and contemplate the niche in which still stood our gilded, cast iron statue of Benjamin Franklin. From a vantage point in the gallery high up in that temple-like structure, near the suite of offices where once A.W. and R.B. had worked in adjoining rooms, the swarms in the lobby seemed frantic.

Yet, actually, a considerable part of those people were depositing, not withdrawing deposits. However, a few confused people were withdrawing money from the Union Trust Company to make deposits in its wholly owned subsidiary, the Mellon National Bank. An officer of the latter institution had tried to talk sense into one patron by reminding him that the Union Trust Company owned the Mellon National Bank, but for many thrifty folks there was somehow a comforting magic in the name of Mellon. It was during those weeks that A.W. returned to Pittsburgh.

During that period, after his return to Pittsburgh, every day I used to see A.W. at his office in the Mellon National Bank, where I was a director. There we would talk over various matters.

One day he told me about some stock that he had bought.

"In God's name, why did you do that?" I asked.

A.W. smiled and replied: "I wanted to see whether my judgment was still good."—It was!

At 78, A.W. was looking forward to a few quiet years ahead. But he was fated to be persecuted and humiliated by conspirators, some of whom were empowered with terrific authority.

My recollection is that there had been some disturbing innuendoes in newspapers even before the McFadden speech, but at any rate, on a day early in May, 1933, when Roosevelt had been in office two months, Congressman Lewis McFadden of Pennsylvania, on the floor of the House of Representatives made a speech against A.W. Later events proved that this outrageous attack was based on errors and misconceptions. It contained charges that A.W. had defrauded the government in his income tax return for 1931.

A member of Congress can utter the most reckless statements on the floor of the House and not be held accountable outside. Further than this, what is said there is "privileged", no matter how defamatory or slanderous it may be, and, if republished or broadcast thereafter, is deemed immune to libel actions.

The basis of McFadden's speech was a letter which he read. It came from one David A. Olson, who described certain financial transactions of A.W. Olson was a treasure-seeker. A law provides that informers who aid the government to recover money unlawfully withheld from it can receive up to half the amount recovered. Olson in his letter stated: "... A detailed examination by your office will unquestionably reveal that the transactions were not bona fide sales." He said further of these transactions: "They appear to have accomplished the fraudulent withdrawal of income taxes from the government."

The transactions referred to by Olson had actually oc-

curred, but his description of them was not entirely accurate. Nevertheless, he supplied such details as to make it almost certain that this information had been passed on to Olson by persons who had access to the particular income tax return of A.W. which Olson was challenging. I am disposed to pass over Olson's part in this affair, even though I still wonder who it was in the Internal Revenue Department who betrayed a trust and probably violated the law by giving access to confidential records to an unauthorized person such as Olson.

The purpose animating A.W. when he entered into those transactions had been to *establish* losses for the purpose of reducing his tax obligation to the government in that year. I cannot emphasize too strongly that the losses were real losses. An income taxpayer who finds himself poorer at the end of a year than at the beginning is justly and logically free from tax liability if he can establish the loss. It is not sufficient to know that you are poorer; you must sell the property which has diminished in value in order to make the loss actual.

In that particular year of 1931, A.W.'s fortune was smaller at the end of the year than at the beginning. Had he wished he might have avoided paying any tax at all. He actually paid that year, however, a tax of \$600,000. He had a very definite philosophy on this matter. He believed that there was an obligation on any man of great means to pay a substantial tax year by year. However, he had really suffered terrible losses through the decline in value of just about everything he owned. That was the common fate of the citizens of this country.

A. W., after reviewing his situation, had decided to sell 123,000 shares of Pittsburgh Coal stock; and, by so doing,

he established a loss of \$6,500,000. As to the reality of that loss there can be no question. More than ten years after he sold the stock, its market price was just about what he had received for it. The purchaser of the stock that he sold was the Union Trust Company of Pittsburgh.

Olson, charging that the Union Trust was under the control of A.W. and his associates, argued therefore that the sale was not bona fide. The Union Trust Company definitely was not under A.W.'s control in the year 1931 because he had never reacquired those banking interests of which he had divested himself when he had become Secretary of the Treasury in 1921. But even if he had had the same interest in the Union Trust Company as he had possessed ten years earlier, his procedure would have been just as legal and compelling.

Nevertheless, this wholly proper transaction constituted the principal basis for the attempts made thereafter to defame and slander a man with an unblemished career. The whole business was a dastardly political scheme. I dare to say this because the unjust attack and the false charges against A.W.—and they were proved to be false—were handled uniquely.

The normal procedure of the government when a taxable transaction is subject to challenge is quite different from the handling given to two transactions of A. W. Mellon. Moreover, the normal procedure was the one prescribed by law. The fixed duty of a government accountant or agent discovering discrepancies in an income tax return is to notify the taxpayer whose return seems subject to challenge and to demand his appearance on a particular hour of a particular day at a designated place for meeting a representative

of the Income Tax Bureau. Such a notice is commonly referred to by lawyers and accountants who specialize in income tax law as a "thirty-day letter." The recipient of such a notice is accorded 30 days in which to file a protest on his own account.

In all but a microscopic proportion of the cases that begin with such challenges, the ensuing negotiations end in settlements. If no satisfactory adjustment is reached by negotiations, then the Income Tax Bureau is entitled to take a more drastic course. But as far as I have been able to find out, from 1913, when the income tax law was first imposed, onward, the only departure from this procedure was in the case of A. W. Mellon. So that deviation alone is excuse enough to suspect that it was all a plot.

When Representative McFadden made his speech on the floor of the House of Representatives and gave privilege to the innuendoes out of which this plot was spun, the very fact of A.W.'s prominence made the McFadden speech sensational, and many newspapers naturally enough began inquiring into the matter. Then the press received assistance. Homer Cummings, who had recently become Attorney General in President Roosevelt's Cabinet, stated to reporters that he would investigate thoroughly the allegations that A. W. Mellon was guilty of a specific tax evasion of \$6,700,000.

Thereafter, day after day, there went out over the telegraph wires from Washington many, many newspaper stories that were based on hints and insinuations coming from subordinates of the Attorney General. This is another significant item supporting my belief that the whole thing was simply a scheme to discredit everything for which A. W.

Mellon stood including the Republican Party. Another unique aspect of the case was that the Attorney General talked about it to reporters before the Treasury Department's Bureau of Internal Revenue had taken any action whatever.

On June 16, 1933, in a letter addressed to the Attorney General, A.W. demanded that the inquiries he had talked about to the newspapermen be made and offered the Attorney General and the Department of Justice his fullest personal co-operation. This offer was ignored; nevertheless that summer and fall many more newspaper stories were published about "the Mellon case." Repeatedly, A.W. tried to get those charges made specifically and to him so that he could answer them.

The Bureau of Internal Revenue had made no accusation whatever and yet poor A.W. month after month was as unable to defend himself as a man in a pillory. During April, May, June, July, August and September 1933 there had been a steady flow of published comment, most of it seemingly inspired. Readers of these comments might suppose that the government had a strong case against A.W., whereas the truth was that the government had not even made an effort to find out anything against him. The first sign of action by any government agency was the appearance in Pittsburgh, at A.W.'s office, late in October, 1933, of three men with credentials identifying them as agents of the Federal Bureau of Investigation. Each of these men was an accountant.

They went thoroughly, and I have no doubt, ably, into all A.W.'s private financial affairs. Those men had a relatively simple task. Although they had power to follow any lead they pleased, one man, a personal employee of A.W.,

was in a position to give them access to all A.W.'s financial records and to offer for their examination the written record of every single transaction in which A.W. had participated. This man, originally a bookkeeper in the bank, was Howard Johnson. The investigators spent about three weeks in A.W.'s offices in Pittsburgh. Then, one day, they announced that they were finished. With a glint of amusement showing in his eyes, one of them said to Mr. Johnson: "Well, we found an error in the return."

"Yes?"

"You [that is, A.W. Mellon] owe Mr. R. B. Mellon \$25. But you don't owe the Government anything."

"I know what the \$25 is!" retorted Johnson, "it's a half share of Pennsylvania Water stock that I never gave to Mr. R. B. in a split-up."

"That's it," said the leader of the FBI men, "and that's all."

These Department of Justice examiners were decent fellows and they went to A.W. and expressed pleasure that their figuring had vindicated him. They were trained men and their work had been exhaustive, but any accountant who had gone through A.W.'s papers could have come only to the same conclusion.

The Department of Justice men departed from Pittsburgh on November 9, 1933. Days and weeks went by, with no word of exculpation from Attorney General Cummings. After waiting more than two months, A.W., on January 15, 1934, sent Mr. Cummings the letter which follows:

"DEAR MR. ATTORNEY GENERAL:

"The papers in the past few days have again carried reports of your department's investigation of my in-

come tax affairs. Ever since last summer there have appeared in the press such statements. The impression given, or sought to be given by the repeated references to this matter in the press, is that I have evaded payment of taxes due the government which your department is now taking steps to collect.

“For several months a campaign of character-wrecking and abuse against me and other large taxpayers has been carried on in the press and over the radio. Only now a Congressman on the floor of the House of Representatives said behind his cloak of privilege that ‘Andrew Mellon, a former Secretary of the Treasury, was not and has not been paying his income taxes to the government.’ The time now has come when, so far as I am concerned, I am determined to put an end to it if facts and truth can do so. All taxpayers are not criminals because some may not have observed their obligations, and those with clear consciences have a right to protect their good name and to receive the same assistance from the government in doing so that should be accorded to any citizen. I am not conscious of any wrong doing with respect to my taxes, and the government has not made any such charge. I am sure that under the circumstances you or your department does not wish to appear to countenance a scheme for political sniping nor be a party to the machinations of any unscrupulous person.

“Press reports of January 6th last stated that your department is trying to collect \$12,000,000 in delinquent taxes from me. I know of no such tax that could be assessed against me or collected by the government.

Certainly I have not been informed of the government's intention to try to do so. As the records will show, all income taxes which have ever been assessed against me have been paid. I have never sought to evade payment of any taxes legally claimed and have always paid a very substantial income tax in every year. I have always been scrupulous to stay well on what the Supreme Court calls 'the safe side' of the line of what is permitted not only by the letter but by policy of the law.

"You will recall that the investigation of my 1931 income tax return by your department was made in view of the charges publicly made in May of last year on the floor of the House of Representatives by Congressman McFadden regarding what he termed 'a specific tax evasion', based upon information furnished by one David A. Olson, which information it was obvious had been improperly obtained from my income tax return then in the custody of the government.

"In October and November your representatives, in response to my request of last June, spent several weeks in my office, going over my books and records, not without great inconvenience to my office staff, re-checking the previous thorough examination made by the duly constituted revenue agents. I understand they found no irregularities of any kind, and at the conclusion of the investigation they expressed themselves as satisfied with the cooperation they received from me. I know of no other specific charges that have been made and have no advice whatever that the Bureau of Internal Revenue, which is charged with the enforcement of the income tax law, even intimated that there

had been any tax evasion. The agents' report of the investigation on these matters has been before your department for more than two months. The proper amount of tax to be paid by a citizen necessarily may be subject to dispute. If the authorized officers of the government should decide that additional taxes are claimed, I am quite willing to meet the government's representatives either in a friendly conference or in open court and settle any questions that may arise. The law provides such protection for any citizen, and I am quite willing and able to avail myself of it. I am not able, however, to protect myself against the innuendoes of wrongdoing appearing in some newspapers, based, apparently, on information furnished by someone in either the Treasury or the Department of Justice. I have been advised from many sources that there are certain persons intent on finding something against me with which I can be exploited in the press. Under these circumstances, I feel very strongly that before I should be singled out for investigations by the Department of Justice and my name is bandied about in the newspapers as a supposedly delinquent taxpayer, I, or any other citizen, should be given proper notice, in the manner provided by law, of the government's intention to assess additional taxes and should be accorded an opportunity to meet such charges in the customary way.

"It was for that reason that I wrote you on December 7th, and it is for that reason that I am writing you again now, for it seems that in my case a stop can be put to such a campaign of vilification only by prompt and final action by the government in disposing of any

questions that may have arisen in connection with my income tax affairs.

"I need not add that I know you are not personally responsible for such misrepresentations appearing in the press. I know also that you fully appreciate that in securing justice from the government I should be accorded the same treatment that any other taxpayer has a right to expect, regardless of his politics or the amount of his taxes. It has not been my practice to answer publicly charges which are so fantastic and so wholly without foundation as to be manifestly frivolous, but in view of the constant reiteration of these charges about my tax affairs which were apparently conceived with malice, I am addressing you again in order that my own position in the matter may be clear.

Sincerely yours,

A. W. MELLON."

"HON. HOMER S. CUMMINGS,
The Attorney General,
Washington, D. C."

Cummings did not reply to that letter. Instead, he called in the reporters and told them something which is hard to reconcile with the facts as I know them. He said that the investigation into A. W. Mellon's tax returns for 1931 was still going on. Furthermore, he said to the reporters, "When the Treasury's investigation discloses a situation which should be drawn to the attention of the Department of Justice, a report to that effect is transmitted to the Department of Justice, which then determines what course of action it should pursue."

This was an amazing thing to do, in view of the investigation made by the Federal Bureau of Investigation only a few months previously which had resulted in the vindication of A.W. from any charge of irregularity in connection with his financial affairs. In spite of this, Mr. Cummings continued to give out statements to newspaper reporters. In one of them, he discussed, and disagreeably, what he called the "hundred per cent aluminum monopoly."

Up to this time, the Treasury Department had not challenged the correctness of A. W.'s income tax return. Mr. Cummings, however, with all the power vested in him as head of the Department of Justice, seemed determined to prosecute A.W. and bring him to trial.

Early in March, 1934, almost a year after A.W. had ceased to be Ambassador and had returned to the United States, he got his first intimation that the charges against him were to be presented by the Department of Justice to a Federal Grand Jury. The situation with which A.W. was confronted was appalling. An indictment by a grand jury, no matter how baseless, would be an assault on a great career.

Realizing that some day his descendants might be puzzled to sort out truth from calumny, A.W., drew up and signed the following terse history of this astonishing case.

"Washington, D. C., March 11, 1934.

"The action which the Attorney General has taken in seeking to secure an indictment against me on the charge of income tax evasion is politics of the crudest sort. I am as much in the dark as anyone as to any possible grounds he could have for such action, but I am glad, under any circumstances,

to get my tax affairs out of the Attorney General's office and into the courts, where I am satisfied that I shall get justice and a prompt disposition of the case which have so far been denied me.

"No charges have ever been made by the Treasury of a tax evasion by me, nor have I been advised by either the Treasury or the Department of Justice of any intention to try to collect additional taxes from me. All income taxes which have ever been assessed against me have been paid and in no single year have I failed to pay a very substantial income tax. The total amount in the last 20 years is over \$20,000,000.

"I feel very strongly that before the Attorney General of the United States should bring a charge of this kind against me, I, like any other citizen, should be given proper notice, in the manner provided by law, of the government's intention to assess additional taxes and should have been afforded an opportunity to meet such charges in the customary way. In all my years of experience in the administration of the tax laws, I have never known of a single instance in which such unfair and arbitrary action has been taken.

"In May of last year charges were made by Congressman McFadden on the floor of the House of Representatives, based on information furnished by a man named Olson, regarding what was termed a "specific tax evasion" in connection with my 1931 income tax return. The Attorney General announced to the press at the time that he would investigate these charges, and I requested that he do so at once, offering my fullest cooperation.

"Nothing was done until October and November when

three agents of the Department of Justice visited my office in Pittsburgh and spent several weeks going over my books and records. At the conclusion of their investigation, they expressed themselves satisfied with the cooperation they had received and stated that they had found no irregularities of any kind. Their report lay before the Department of Justice for weeks and, as no action was taken, I wrote the Attorney General on December 7, asking for a prompt and final disposition of the matter, in view of the publicity given the charges last summer and their continued reiteration in the press. The Attorney General not doing me the courtesy of acknowledging my letter, I again wrote him on January 15 demanding a disposition of the matter and a cessation of stories appearing in the press and emanating from him or his department, to the effect that I had evaded payment of taxes.

“On February 6, I received an evasive response, saying that the Department of Justice had completed its examination of my 1931 taxes and neither making any criticism nor dismissing the charges, but suggesting a fishing expedition into years as to which no charges had been made by anyone.

“In public statements issued from time to time the Attorney General has attempted to justify this unusual procedure in conducting an investigation of my tax affairs by the Department of Justice instead of leaving it to the Treasury Department, whose duty it is to investigate such matters, and has not hesitated to cite as reasons quite irrelevant matters, such as a suit brought against me by McFadden’s friend, Olson, for alleged failure on my part to collect sufficient income taxes from certain foreign steamship companies.

“This suit had nothing whatever to do with my income taxes as not even Olson had charged that I had profited per-

sonally in any way. The suit was brought as an informer action by Olson who hoped to collect \$220,000,000 of which half should be for himself and half for the government. The case had been tried in the Supreme Court of the District of Columbia and on December 8, 1933, was thrown out and judgment entered for me and the other Treasury officials who were joined with me as defendants. Yet, as late as January 18, the Attorney General was referring to this suit as a reason for his investigation of my tax affairs, although he must have known that the suit had been dismissed by his own federal courts and, in any event, had never had the remotest connection with my personal income taxes.

“The other reason the Attorney General has given publicly for his investigation of me is that requests have come from one or more members of Congress to investigate certain claims with reference to the personal ‘income tax returns of Mr. Mellon.’ There have always been members of Congress wanting to investigate me, for their own reasons, and I may say they have indulged themselves on every possible occasion in the last 12 years. During the entire time I was in public office, I was subjected to the most searching Congressional investigations into every phase of my official conduct and my personal affairs, and in each instance an investigation of the facts exonerated me from the charges which have been made.

“In his statement asking for an indictment against me in connection with my tax affairs, the Attorney General has made quite irrelevant references to the Aluminum Company of America as a ‘Mellon-controlled corporation,’ which is a ‘100% monopoly in the producing field.’ What this has to do with my income taxes is not apparent, but in any event

I and all the members of my family own less than a majority of the stock in the company, and certainly the Aluminum Company, whether or not it is a '100% monopoly in the producing field' is not violating the federal laws in this respect. No one knows this better than Mr. Cummings, whose own law firm in Hartford, Conn., has just recently been defeated in a suit, which they brought in the federal court there on behalf of a client, the Bausch Machine Co. of America, in which that very point was involved. In returning a verdict for the Aluminum Company in the Bausch case, the court and jury held that the Aluminum Company of America had not violated the anti-trust laws.

"For many months now a campaign of character-wrecking and abuse has been conducted against me in the press and over the radio. I know there has been no evasion of taxes on my part. I have, on the contrary, always been scrupulous to give the government the benefit of every doubt in making up my tax return. I am glad this issue is joined at last and am quite content to leave the outcome to the courts and to the good sense and fairness of the American people when all the facts are known."

Near the end of March Mr. Cummings and his fellow New Dealers succeeded in enlisting the Treasury Department in this persecution. Up to this time the entire proceedings had been highly irregular, but now they began following the form of the law.

In March, 1934, there came to A.W.'s desk from the Bureau of Internal Revenue, just such a deficiency letter as a citizen is entitled to receive promptly whenever the government is not satisfied with his income tax return. This letter

from the Bureau stated that, in addition to the tax of more than \$600,000 which he had paid, he still owed the government \$1,319,080.90. Because of a 50 per cent penalty which the Bureau proposed to inflict he was "delinquent" to the extent of \$1,989,621.35. Even though it was well below the gossip figures, which ranged from somewhere around \$12,000,000 down to \$6,000,000, it was still quite a bill.

Then the Department of Justice decided to try to indict A.W. No man in this country can laugh off a Federal grand jury indictment. A.W. was in Pittsburgh, as it happened, when the grand jury met that was to consider evidence which would be presented for its consideration by the Department of Justice. Such a proceeding is not a trial. It is a preliminary hearing in which 24 citizens comprising a jury are asked to determine whether grounds exist justifying a trial.

The Federal District Attorney naturally was a Democrat and presumably, fair or otherwise, disposed to do his best for the Department which for the whole time Roosevelt had been in office had been "after" A.W. as a bully goes after somebody.

I want to make it clear that this grand jury was not made up of lifelong friends of A. W. Mellon. Most of them, in a community as big as Pittsburgh, were really obscure and he knew none of them. Five were day laborers; and among the others were one carpenter, one plumber, one lumber dealer, two farmers, two clerks, one engineer, two mechanics, a writer. There wasn't a man on that jury who might be presumed to have a strong bias in favor of Pittsburgh's richest citizen. After listening for a full day to the case presented by the Federal District Attorney, those men deliber-

ated for five hours. Then they refused to indict. The form of their vindication was the usual declaration, "not a true bill." Even without hearing a word of his side of the case, they had concluded that there was no evidence against A.W.

It is difficult for me to review the events of that time without bitterness, but among my mementoes is a newspaper cutting. It is an article signed by the publicist, Walter Lippmann. In his newspaper column he wrote:

"Now that a federal grand jury has dismissed the charge against Mr. Mellon, it cannot be called premature criticism to say that the Department of Justice has been guilty of a most discreditable performance. For two months Mr. Mellon has stood under an accusation which, if it had been true, would have marked him out as contemptible beyond words.

"The accusation was in substance that the Secretary of the Treasury had defrauded the Treasury of money owed it. This very grave accusation was made public on March 10. Then two months passed before the department made an effort to substantiate it and before Mr. Mellon had a chance to answer. That is not justice. It is the business of grand juries to decide whether a man shall be accused of a crime. Until they have decided that there is evidence justifying the accusation, it is not the business of administrative officials to accuse him in the newspapers and arraign him before public opinion.

"If Mr. Cummings thought he had a case against Mr. Mellon, it was his duty to lay it before a grand jury without any preliminary publicity, and let the grand jury decide whether Mr. Mellon should be accused. That is what grand juries are for. They exist to determine not whether a man is guilty or innocent, but whether there is enough evidence to

justify an accusation against him. By bringing the accusation two months before the grand jury had even seen the evidence, Mr. Cummings committed an act of profound injustice. The injustice of the thing is matched only by its stupidity. Anyone who thought about the matter for three minutes should have known that the chances of Mr. Mellon's cheating on his income tax were not one in a million. He was the Secretary of the Treasury during the year covered by the tax return. Is it conceivable that a man in his position, with an income of nearly \$7,000,000 that year, would deliberately have cheated the government out of \$700,000? It is idiotic.

"To believe that Mr. Mellon would have the audacity and the downright imbecility to falsify his income tax is to believe the utterly incredible. As to the motives which actuated the Department, one can only guess. But the thing has the appearance of being a low and inept political maneuver. It looks like one of those stunts that politicians stoop to every now and then, thinking that they can gain some advantage by it for their party."

I went to luncheon with A.W. on the day the grand jury was deliberating and he was as calm and unmoved as on any other day. This was because he had been so certain that honest, sensible men would find him guiltless.

The schemers seemed to be almost completely discouraged for a while. But, in the following year, on February 18, 1935, A.W. received another deficiency letter. This one referred to the same return and the same transactions dealing with the year 1931, but it increased the alleged arrears to \$2,050,068.82 and the penalty for being in "arrears" on this amounted to \$1,025,034.41, making a total of \$3,

075,103.23 This was something which gave A.W. a chance to act.

What he did then was to petition the Treasury's Board of Tax Appeals, a judicial body, a kind of "tax court" which had been established while he was Secretary of the Treasury and to some extent because of his feeling that such an impartial, non-political body was necessary to protect taxpayers from unbridled bureaucracy. There are 15 members of that Board and their terms run for 12 years, expiring in such order as to insure that always on the Board there shall be a minority of experienced men. By the time A.W.'s case came up in 1935, nine of the fifteen, more than half, were appointees of President Roosevelt.

In March, 1935, the Board of Tax Appeals, with three members sitting, began holding hearings in Pittsburgh; and on April 1, 1935, A.W., who was by this time 80 years old, took the witness stand and was examined through almost one entire day by Frank J. Hogan, his chief counsel. Then, on the four days following, he was cross-examined by Robert H. Jackson, then an Assistant Attorney-General, now an Associate Justice of the Supreme Court.

During those days in a court-room crowded to the doors by enthralled spectators, A.W. practically told the story of his life, but he also gave all the information at his command about the transactions challenged by the government. The man testifying on the stand then was the A.W. whom I had known all my life, but to most of that audience, who had known him only as a subject of legend, he came as a complete surprise.

There was never a trace of arrogance as he answered question after question with the utmost frankness. They had

heard he was shy with strangers and he undoubtedly was, but now he was in a situation where he was glad to put away all concern for privacy. He opened his whole life as if it were a book, and he was actually having a good time.

As he had been entertaining me from the time I was a small boy, so he now entertained this courtroom gathering, supplying graciously all the facts about things which these people previously might have supposed were dark mysteries. He told how my grandfather had opened his little bank, and something of how it had grown; he told about George and Dick in the Dakotas and how that had ended; and how he had made Dick his associate. He gave an account of his own early days, of important things in his business career; of the growth of the bank. He gave them an understanding of the wonderful relationship that had existed between him and Dick. I had always known that A.W. had a magical charm; now he was exercising this power on a large group of curious people, and they, too, were charmed and greatly impressed by his complete frankness.

When he was asked what had been the motive for selling the stocks that figured in the challenged transactions, he boldly said that it had been done to reduce his taxes; and then he said that the same law that rendered him liable to a tax on capital gains also allowed him the privilege of deducting losses of capital.

Finally he told how he had made up his return for the year 1931; how he and Howard Johnson had reviewed the contents of the portfolio at the bank for the special purpose of picking out those securities which represented the most intense losses he had suffered, and of picking them out for the specific purpose of sale, because it was only by selling

that he could assert a capital loss to compensate for his capital gains.

Under the cross-examination by Robert Jackson, A.W. showed that the examination of his holdings had revealed a total of losses on a number of stocks that were sufficient, had A.W. chosen to sell them, to have enabled him to free himself entirely from the obligation to pay any tax that year.

The Pittsburgh Coal Company, as it happened, represented the greatest single loss. It was a real loss. A.W. had sold that stock near the end of 1931. It had no investment value in 1931 and its value had declined almost to the vanishing point; but the government would allow him no credit for that decline unless he sold the stock. He could not sell it through ordinary channels, because there was so little market for it. He would have had to find a purchaser as you would have to find a purchaser for an old horse. So he had made to Mr. McEldowney an offer to sell to the Union Trust Company for \$500,000 the stock for which he had paid in excess of \$6,100,000. After that sale, A.W. never owned a single share of Pittsburgh Coal stock. Mr. Jackson attempted to show that A.W. had been using the Union Trust Company as a "conduit", by which these Pittsburgh Coal shares would become the property of his son and daughter, who were the owners of Coalesced Company which in time bought those Pittsburgh Coal shares from Union Trust. But, in spite of the fact that Jackson put on, one by one, a large group of witnesses, he failed utterly to show that any kind of agreement or understanding had existed between A.W. and the Union Trust Company about the sale of this stock. He failed utterly to convince the Board of Tax Appeals.

In the deficiency letter sent to A.W. in 1934, one of the

items cited was a transaction in January, 1931, in which A.W. had received about \$8,000,000 in a profitable transaction through the transfer to the Bethlehem Steel Company of the McClintic-Marshall Company. He and R.B. had begun investing in the McClintic-Marshall Company in 1902. If the question to be determined had been simply one of how much he had invested and how much he had finally received, that could have been answered by a simple problem in subtraction. But he had not been liable for any gains in value prior to 1913.

So the problem, as of 1931, had been to try to determine what this great steel-fabricating business would have been worth if it had been sold in 1913. It had not been sold and anybody's estimate necessarily was a guess. In his return, A.W. had stated specifically that the figure he was giving was tentative and subject to examination and review by the Bureau of Internal Revenue. He had fixed the value of each share as of 1913 at \$350 but, in doing so, he had made it clear that this was, in effect, his opening bid to the government in what he presumed would become a trading matter between himself and representatives of the Bureau of Internal Revenue. That is usual and proper.

It would take hundreds of pages to recite all the details of this matter, but one eloquent fact is sufficient. The Board of Tax Appeals, after an extraordinarily thorough review of this transaction, finally decided that, rather than \$350 a share, \$300 would be a fair figure. This was, after all, just a trading difference, and the possibility still remains that A.W.'s \$350 estimate was the soundest appraisal.

One other transaction was cited, involving the sale of 27,000 shares of stock in the Western Public Service Cor-

poration to the Union Trust Company for \$108,000. In connection with that transaction a point was decided against A.W.

By selling the stock a loss had been established of about \$400,000. R. B. Mellon, acting as manager of their joint account, had bought this stock originally, and A.W. actually was unaware that he had a half interest in such an investment. This stock was sold to the Union Trust Company on December 2, 1931. Thirty-seven days later, on January 8, 1932, R.B. repurchased that stock from the Union Trust Company for A.W.'s account.

A man who sells stock today to establish a tax loss can buy it back after a lapse of 30 days without invalidating his right to deduct from his income any loss established by such a sale. After 37 days the requirements of the law had been complied with beyond question. But Assistant Attorney General Jackson was raising another point. The law further says that a man who thus sells to establish a loss and then buys back must not enter into "any contract or option" guaranteeing the right to repossess the stock in question. So A.W. was challenged to prove that "no contract or option" had existed between himself and the Union Trust Company as to these Western Public Service Corporation shares.

R. B. Mellon and Mr. McEldowney were the only parties to the two transactions. Since both were dead when the case was tried, there was no way in the world for A.W. to produce positive evidence that there had not been such a "contract or option." On that account his income tax bill for 1931 was increased by the amount of \$35,000. This, plus the additional assessment on the McClintic-Marshall transaction, made the additional sum that he was obliged to pay,

after this microscopic examination, \$485,809.45, which was very different from all those millions that the Department of Justice people had been talking about in the newspapers.

The figures on any taxpayer's return could be changed one way or another by such an examination as had been given to the return of A.W. Most importantly, as to the charge of fraud, A.W. was completely exonerated.

When the opinion finally became public three months after A.W. was dead, it was seen that not one of the fifteen men had voted in favor of the government, notwithstanding that a majority of them had been appointed to their offices by President Roosevelt. They stated their conclusion in these words:

"The sale by petitioner of the stock of the Pittsburgh Coal Company to the Union Trust Company of Pittsburgh was a complete and valid sale, giving rise to a legal deduction."

The decision on this and all other points completely exculpated A.W. from the charge of fraud to which the Department of Justice had been trying for several years to give some substance. As a part of their unanimous verdict, these fifteen judges also wrote:

"We have indicated in our findings of fact our conclusion that petitioner did not file a false and fraudulent return for the purpose of evading taxes but little need be said in amplification. Just as the law cloaks every man in a presumption of good faith in his business dealings, fraud is never assumed. Having carefully considered all the evidence and all the inference properly to be drawn therefrom we find in our mind no doubt as to the correct determination. The record before us does not sustain the charge of fraud."

That was promulgated December, 1937, too late for A.W.

to read. As I say, he had then been dead for three months. But this seems the right place to set down that, between 1935, when the Board finished its hearings, to the very end of his life, A.W. had asked frequently, sometimes pathetically, whether the Board had not yet rendered its opinion. That they did not do so more promptly is regrettable.

The fact is, A.W. wasn't half as much disturbed as Howard Johnson, A.W.'s financial assistant. All through that trial Mr. Johnson used to come and talk to me about it every day and he couldn't have been more agitated if everything he owned himself had been at stake. He was not a certified public accountant, but he was qualified to be one in my opinion. He was a conscientious man and had made out A.W.'s income tax return for years.

After A.W. was dead, some of his friends and mine were disposed to blame the New Deal for what they considered an untimely end. But my own belief is unchanged. I had watched A.W. move through too many other trying situations ever to believe that he would lose his nerve in this one. At the worst he had been irked and sometimes angered, but he never for a minute had been frightened. He knew that he was innocent and all he needed was his day in court.

If ever an American had nerve it was A.W. On this account I deny that his life was shortened even a day by his experience with the Department of Justice under Attorney General Cummings, his assistant, Robert Jackson, and such other New Dealers as may have had a hand in that affair.



CHAPTER XLVI

. *National Art Gallery* .

The people of the United States possess today in their National Art Gallery an institution ranked by experts as among the first four of its kind in all the world.

A.W.'s one great hobby, of course, was the collecting of works of art, primarily the paintings of masters; and that hobby was a dominant interest in his leisure during almost three score years. Any time he focused his thinking on something for a long while he developed extraordinary understanding, and this was true as to art. But there is still another factor in the greatness of the National Art Gallery, which might be overlooked by most persons. Fully to appreciate the greatness of his gift, it is necessary to keep in mind that he who spent his millions to assemble treasures was himself one of the ablest and canniest of traders. In all his years of trading with art dealers—themselves a shrewd lot—A.W., rarely got the worst of a bargain. Of course, he was never one to haggle in trading. But—and I say this with great earnestness—year by year his buying of paintings was leading on to an accumulation of things that really were priceless. To no single one of the great enterprises that flourished under his aegis did he give nearly so much time and thought as he gave to his service to art.

Sixty-six years ago, as I write this, it all began. A.W. was 25 years old and I was 12. It was in May, 1880, that he

started on his first trip abroad in the company of his dear friend, Henry Clay Frick. It was Mr. Frick who awakened in A.W. his first real appreciation of art. In later years, A.W. made so many excursions to Europe that I am sure that he himself lost count of the number of times he went abroad. He lived some part of every year in England and France and in Italy; and day by day, in the cities and places in those countries where great art had accumulated, he was occupied with it. So the time of his devotion to art as a field of knowledge finally totaled solid years. Of course, he had had preceptors and tutors, including some of the greatest among those who responded to art, but the real start was that trip made in 1880.

Henry Clay Frick had good excuse for a vacation. The glow that nightly lighted up our western Pennsylvania skies was made chiefly by the coking of coal in bee-hive ovens, and some further part of that glow came from coke that had been charged into blast furnaces. The great economic depression into which the nation had been plunged in 1873 had come to an end by 1880. Even a year before, at least a thousand men had been at work making coke for Henry Frick, and the steel mills of western Pennsylvania were calling for more and more coke. Of the entire output used by the steel industry of the United States, the H. C. Frick Coke Company was producing eight tons out of every ten. So Frick, aged 30 and a bachelor, was a millionaire when he proposed to A.W. that they celebrate Frick's birthday and his millionaire status by going to Europe. Their friendship had been growing during four years.

Up to that time, A.W. had devoted too small a share

of his time to fun and so I think he probably accepted Mr. Frick's invitation with extraordinary eagerness.

Before leaving New York Frick and A.W. had taken a drive up Fifth Avenue that remained in A.W.'s mind as long as he lived. Their carriage had reached the Fifties on the way up Fifth Avenue when Mr. Frick, already familiar with New York, invited A.W.'s attention to a couple of new brown-stone houses that filled a block. That was where the Vanderbilts lived. New houses for Vanderbilts were certain to represent the best New York had to offer in the way of living facilities. Frick asked A.W. to give a banker's guess as to what might be the upkeep on such a house. They finally concluded that it would be close to a thousand dollars a day and so they compromised on \$300,000 a year as the probable cost of living in such an establishment. The two of them were thoughtful as they were being driven through Central Park, A.W. smoking his usual stogie and Mr. Frick, his usual five-cent cigar. Finally Mr. Frick said: "A thousand dollars a day! That is as much as I shall ever want!"

I have no way of measuring the influence on A.W.'s career of the early dedication of his leisure to the enjoyment and acquisition of great art objects, but I am bound to say that it must have had some effect because there is no pursuit so expensive as this one.

Probably in the beginning there was no other intention in A.W.'s mind than to create a collection of pictures which would be pleasing to him in his home. His own taste dominated his decisions. He kept no picture that did not continue to give him pleasure. But as a collector A.W. would have been considered small potatoes by the really great collectors of the world up to the time he came to Washington. He

always kept careful track of his assets and in 1920 the appraised value for his art works and one approved by him was \$900,000. As he underestimated habitually in those annual appraisals, he may actually have had twice as much value in his pictures but certainly no more than that. However, after he got to Washington his collection began to grow and eventually it developed at a fabulous rate until, measured by what he had paid, it had a value of \$50,000,000 and the foremost experts are agreed that he bought that art as shrewdly as he previously had bought industrial properties.

A.W. had been dead about four years when the National Art Gallery opened its doors in April, 1941. At that time, although according to his wish and design the gallery did not bear his name, it was wholly his enterprise. Nevertheless, even amid the general acclaim with which that magnificent gift was received the motives of the dead man who had given it, his character and lifelong purposes, were by some subjected to stupid slanders.

In New York, the woman art critic of *PM*, a tabloid publication, wrote that A.W. "rarely, if ever, saw his own collection." The implication was, of course, that a money grubber had just bought a load of art. She wrote of "empty grandeur that is grand even for the masters." In another article in *PM* the Washington member of *PM*'s staff falsely charged that one of the great art dealers of the world had "unloaded some phoneys" on A.W. and spoke of the "art of the dead past."

Now the truth is, I believe, that no man in the world could have done this particular thing, creating the National Gallery, as well as A.W. It was clear to him that he would have

to find someone to run the institution and that this person would have to be an individual wholly dedicated to it. A.W., as I have already said, had formed a friendship with a young lawyer of the Treasury Department's staff, David Finley, who had practiced law in Philadelphia before the first World War and subsequently had gone to Washington to join the legal staff of the War Finance Corporation as an assistant counsel. That was in 1922. Later, he was brought into the Treasury Department as a member of the War Loan Staff, through his acquaintanceship with S. Parker Gilbert, the Under-Secretary of the Treasury, who had known Mr. Finley for some time.

In connection with A.W.'s plan for revising the tax laws there had been need for a considerable amount of educational work. In that connection Mr. Finley collaborated with A.W. on the production of a book called "Taxation, the People's Business." A.W. was impressed by Mr. Finley's competence and pleased by his personality. Thereafter a friendship developed so that Mr. Finley came to work very closely with A.W. in the Treasury from about 1924 on.

I don't know precisely when A.W. decided to create a permanent shelter and organization to care for his collection of paintings, as a public trust; it must have been some time near the close of the Coolidge administration. A.W. always was a purposeful man, so that it is unlikely that his expanded purchase of paintings and other works of art was without aim.

Lord Duveen, the art dealer, had discussed the possibility of a gallery with A.W. within a year or so after he became Secretary of the Treasury, and I know that A.W. mentioned it to me as a possibility long before his col-

lection had assumed really notable proportions. At any rate, during the last year or so of the Coolidge administration, all of A.W.'s buying of paintings was shaped to the greater purpose of creating a national gallery. Within his own mind his plans had gone much further than anyone realized; and, as he walked around the Mall in Washington, occasionally he jotted down a memorandum that related to his search for a suitable site.

One day he told David Finley just what he had in mind. It was a night late in October of 1929. Mr. Finley, while having dinner with A.W., told him that he had an opportunity to go to New York in the service of the National City Bank. He was naturally concerned for his future and dubious about remaining longer in the government service. He asked A.W.'s advice and found himself being dissuaded from leaving.

A.W. said he was sure Finley would not be as happy in New York as in Washington. Then he added: "Especially, if you engage in Washington in some work I have in mind for you." He then revealed to Mr. Finley that it was his intention to leave his collection of paintings as a nucleus for a national gallery. A.W. said he would like to have Mr. Finley help him execute this plan.

From then on I suppose Mr. Finley realized that he was destined to be the director of the institution that was taking shape. During seven or eight years before this conversation A.W.'s collecting of paintings had been on a much grander scale than at any time during his Pittsburgh days, and for at least a year before he had this talk with Finley his purchases were being made on a fabulous scale. On one day he bought from Duveen a total of \$1,245,750 worth of paintings, in-

cluding a Holbein, a Romney and a Lancret. For every picture he bought, he rejected many. Paintings were being offered to him all the time; and in his eagerness to overlook nothing that he really wanted, he examined great numbers. But no Raphael, no Van Dyck, no Rubens nor any other master's work remained in his collection unless he liked it. By 1928 his collection of Dutch paintings was so fine that the Dutch, who were then arranging an exhibition in London, borrowed from him a Rembrandt and a Vermeer.

For the space of nearly 12 years during which he lived in Washington his pictures lived with him; partially because of this, his apartment was one of the most notable places in that city. I remember in particular a Raphael, the price of which was \$775,000. Duveen, its owner, made a proposition to A.W. which represented superb salesmanship. All he wanted was for A.W. to fall in love with that picture, so he merely told him to hang it on the wall in his home with the privilege after it had been bought, of returning it any time he wearied of it or changed his mind. But further than this—so that A.W. would be under not even the slightest sense of obligation—Duveen said that he had other customers for the painting, but that he himself was quite disposed to take the picture off the market and keep it for himself. Such a proposal made A.W. really free to decide at leisure.

A.W. enjoyed trading because he was a good trader and these art dealers were shrewd as gypsies, full of craft and wiles. One day A.W. was told by Carman Messmore, of Knoedler's, that Messmore had become the possessor of a marvelous Rembrandt self-portrait which, for generations, had hung in the gallery of the Duke of Buccleuch in Scotland.

"How much do you want for it?"

"Six hundred thousand."

A.W. seemed to chew on that for a while. Then he said, "What did you pay?"

Messmore, well aware of A.W.'s habit of checking any facts about which he was doubtful, told the raw truth: "Two hundred and fifty thousand dollars."

In an angry tone A.W. exclaimed: "What brass!" Generally dealers did business with A.W. on a basis of cost plus ten per cent.

"Sorry," said Messmore, "that's my price. And it's my picture, Mr. Mellon."

A.W. didn't change expression, but Messmore did; he looked unhappy. He was disputing with his best market. After some weeks of waiting for A.W. again to rise to this tempting bait, Messmore brought his Rembrandt to Washington and had it hung in A. W.'s dining room. I own a Rembrandt and I have long been proud of it, but when I saw this one, I felt less pride in mine. This self-portrait showed a side view of Rembrandt, with his hands in his lap but with his face turned full toward the spectator. You really meet the artist in that picture, meet him as a man in his early fifties.

The picture hung in A.W.'s dining room for weeks, but nothing was said, and so finally Messmore had to come and ask if there had been a decision.

"I'll buy," said A.W., "but not at that awful price."

"But, Mr. Mellon, I'm not being unreasonable. I had a great stroke of luck. I'm entitled to the value of the picture even if I did get a bargain myself."

A.W. went right on eating his oatmeal and finally Mess-

more vanished. Several weeks later A.W. made a proposition to Messmore. "Knock off ten per cent," he said, "and take back that Pieter de Hooch you sold me for \$65,000."

Messmore accepted. Probably this painting is the finest of all Rembrandt's self-portraits and today it is considered by David Finley one of the greatest possessions of the National Gallery.

Both Frick and A.W., in earlier years, had found in their collecting the kind of excitement that infects any treasure-hunter. However, in the case of the discerning and really sensitive student of art who becomes a collector, there is an intensification of excitement. Price does not matter, nor profit, nor anything else except the feeling of having placed one's self in a position to be the custodian of an object worthy of devotion. Over the years, A.W. had been selecting and re-selecting until he possessed almost no picture without power to move him.

In 1929 A.W. had a visitor who imparted to him a secret concerning one of the greatest stores of art in the world. The visitor was Charles R. Henschel, of Knoedler and Company in New York. He disclosed to A.W. almost in a whisper that he had received in strict confidence word that Russia—the Union of Socialist Soviet Republics—at last was willing to authorize the sale of some of the pictures in the Hermitage at Leningrad.

The Hermitage was formerly the winter palace of the Empress Catherine of Russia. She, too, had been a foremost collector of great paintings. During her reign she had agents in Paris, in Rome, and elsewhere on the European Continent, and they were almost unlimited in their power to spend for this Czarina. Her art collecting set a fashion among other

great and powerful families in Russia, and during more than a hundred years their wealth drew into Russia, into collections other than Catherine's some of the choicest work of art ever created.

After the Bolshevik revolution in 1917 all this wealth of art had been nationalized without regard to previous ownership. Except for such few pictures and other objects of art as refugees succeeded in smuggling out of the country, Russia continued to be more rich in art treasures than any other country. The great bulk as well as the cream of these treasures was in the Hermitage Gallery, so that what Mr. Henschel whispered in A.W.'s ear was astounding news.

Previously all the collectors and dealers of the Continent, from Lord Duveen down, had tried, or dreamed of trying to purchase some of the better known art prizes, but not a single sale had been consummated. At first A.W. was skeptical but then he realized that Henschel, at least, was convinced that the Russian government was disposed to sell. Henschel's almost melodramatic concern that not another soul learn what he had disclosed had nothing to do with the Russians and the terrible legends about them. It seemed to be wholly a fear that Lord Duveen would get word of this change in the wind and quickly come to terms with the Russians for those Hermitage treasures.

Mr. Henschel was quite frank with A.W. He explained that his information came from one Herr Mansfield of Berlin. This man had spent half of the previous year in Leningrad studying the painting and sculpture of the Hermitage. A.W. did not come to a conclusion as to whether the information was authentic until he shared every scrap of information possessed by Henschel. There was one detail that im-

pressed A.W. greatly. The man in charge of the Hermitage collection was an official of that department of the Russian government corresponding to the Treasury Department of the United States. As A.W. saw it, the Russians had been active in the world markets, turning wheat into gold in order to buy machinery. It seemed logical that they might also have determined to turn their art into gold for still more machinery.

At the time Henschel talked with A.W. seemingly the Russians were willing to sell only one picture as a kind of trial of what might become a greater project. There was an oriental flavor to this beginning. More and more was revealed. A canvas had been selected; it was Van Dyck's "Portrait of Lord Philip Wharton". This picture had come originally to Catherine in 1779 from the Walpole collection. Where was this picture? Henschel disclosed that already it had been brought out of Russia and was in Berlin. When A.W. acknowledged that he would like to see the picture, Henschel said that a price had been fixed, \$250,000. As that did not lessen A.W.'s desire, Henschel undertook to have the picture brought from Berlin to New York City. A few weeks later it reached New York, but notwithstanding A.W.'s eagerness, there was a little further delay. This work of art had been hanging for almost a century and a half on a wall in Catherine's palace, and Knoedlers, aware of how important would be that first impression, saw to it that their experts carefully cleaned this treasure. Then at last it was brought to Washington and hung in A.W.'s apartment. Although he liked this picture, he thought the price was too high. Nevertheless, he did not wish to risk breaking off the

uncertain relationship with those who had all the treasures of the Hermitage in their custody. This Van Dyck was concrete evidence that, uncertain or not, his relationship was with the people who had the power to trade.

With characteristic concern for facts, A.W. studied all the information available to him about the Hermitage collection. It included some 2,500 pictures, of which three dozen, at the outside, were the exciting elements. If he could have 35 or 36 paintings which he wanted, the other thousands might stay in Russia, for all he cared. He would have the cream!

It was finally arranged that Henschel should go to Leningrad and talk with representatives of the Russian government. Negotiations continued during several years until the spring of 1931, when there finally arrived in New York two Russian emissaries. One was Boris Krevsky, a representative of the Treasury Department of the USSR. The other was Nicholas Illyan, chief of the USSR Treasury Department Bureau of Art.

These two officials had crossed the ocean in third class accommodations; and after landing, they had established themselves in drab lodgings in West Twenty-Third Street in New York. Nevertheless these Russians indubitably were invested with authority to sell outright the greatest works in the Hermitage collection, and some of those works were actually in their custody in New York. One picture was Raphael's Alba Madonna. Lord Duveen regarded this work as "more wonderful than the Sistine Madonna at Dresden." For it A.W. paid \$1,166,000. He bought also the "Adoration of the Magi" by Botticelli for \$462,500. Among other paintings which he bought directly from these two myste-

rious and somewhat nervous Russians were Van Dyck's "William II of Orange"; Rembrandt's "Joseph Accused by Potiphar's Wife"; Valesquez' "Pope Innocent X"; Titian's "Venus with a Mirror"; Ruben's "Isabella Brant" and Raphael's "St. George and the Dragon."

Those two Russians seemingly were affected by the magnitude of the transactions they were consummating. One day it was discovered that they had moved out of the cheapness of Chelsea into a fine suite at the Biltmore Hotel.

A.W. never hung any of the Hermitage pictures in his Washington apartment. Instead, because it was a safer storage place, he had them sent to the Corcoran Art Gallery. When they were there, and surely his property, Lord Duveen, congratulating him with extraordinary fervor, said: "The Hermitage is no longer the greatest collection in the world."

There was one picture, certainly one of the greatest, that A.W. had been especially eager to get. This was Giorgione's "Judith and Holofernes." But A.W.'s advisers urged him not to trade, arguing that if he held out he would get the picture for less than the \$1,500,000 which the Russians were asking. While he deliberated, hoping meanwhile for a better proposition from the two Russians at the Biltmore, they received fresh instructions from abroad, packed their bags, and sailed. Later on, A.W. said that if he had had another chance he would have paid them their price for that painting. Even so, with the exception of that single painting, he had from the Hermitage everything that he really wanted out of it for the National Art Gallery.

In the fall of 1936, when A.W. returned from his summer abroad, he had failed noticeably in health, but his mind

was occupied with a proposition made to him in London by Lord Duveen. Duveen, disclosing that he was going to retire from the art business, had pointed out that his retirement coincided with A.W.'s own preparations for establishing a National Gallery. The coincidence of A.W.'s plan and Duveen's intention to retire from business was a combination of circumstances that could never happen again. Originally, A.W. had not intended to include sculpture in his gift, but Duveen had suggested that A.W. consider for the National Gallery the Dreyfus collection of sculpture then owned by Duveen and stored in the Duveen establishment on Fifth Avenue in New York.

This was the history of the collection: Long before the Franco-German War of 1870-71, Charles Timbal of Paris had begun assembling a collection of sculpture. In 1870, as the German army approached Paris, Timbal, fearing that his collection would be confiscated by the Germans, accepted an offer from Dreyfus, a citizen of the United States. It was already probably the most notable collection of sculpture in private hands. Dreyfus merged it with his own important collection and then continued acquiring more until he had a collection of Renaissance sculpture that was incomparably the world's most important private collection.

Although this great patron of art, Dreyfus, had never been disposed to sell, Duveen, after the death of Dreyfus, negotiated with his heirs and finally made them an offer almost impossible to refuse. He simply made it clear that he stood prepared to meet any offer they might receive with one ten per cent higher. All these works were in the storage vaults in the Duveen establishment at 720 Fifth Avenue.

A.W. was anxious to go to New York to keep his appoint-

ment with Duveen; but while in Pittsburgh, he caught a cold. On this account he decided against going to New York and asked Finley to arrange for the shipment to his Washington apartment of the most suitable things in the Dreyfus collection. Lord Duveen was not at first happy about this arrangement. He was getting old and tired too, and he asked Finley: "How am I ever going to show all these things in Washington?"

What Duveen did was to rent, in the apartment building where A.W. lived, an apartment on another floor. I myself spent hours there with A.W. Except for the hours when he was eating or sleeping, A.W. practically lived with the Dreyfus sculpture (and with paintings included with it by Duveen) for several months. Certain pieces of sculpture were entrancing and A.W. finally selected for purchase seventeen of the finest.

Nearly all of the Duveen paintings were Italian, from the Byzantine school of the thirteenth century, and A. W. selected from them 24 pictures, including, besides a Botticelli, a Masaccio and a Cimabue. Of other Duveen pictures he took a Velasquez, "Portrait of a Young Man", and also an especially fine portrait by Sir Joshua Reynolds, "Lady Elizabeth Delmé and her Children." Although he had great confidence in Duveen, in his final decisions A.W. trusted only his own taste. When he had finished, he had the cream of the cream.

Only once did A.W. buy a collection of pictures en masse. These were American pictures that had been assembled by Thomas B. Clarke and which included among more than a score of Gilbert Stuarts, that painter's portrait of Mrs. Richard Yates. It included also five Thomas Sullys, two

Copleys, Ward Savage's "Washington Family" and one Benjamin West. Also in that Clarke collection were portraits by leading artists of various periods of such famous Americans as John Quincy Adams, Henry Clay, Andrew Jackson, John Randolph of Roanoke, Lewis Morris, Franklin Pierce, Stephen Foster, Henry Laurens, John Marshall, Nathaniel Hawthorne and Benjamin Harrison. Actually, only six of that group, including three Gilbert Stuarts, were finally considered appropriate for the National Gallery, but the only way to get the six was to buy the entire collection. So A.W. bought it.

A. W. Mellon had made a plan, which probably will be executed some day, for an American Portrait Gallery to be an adjunct to the National Gallery, but with a building of its own. That plan was growing in his mind while he had been Ambassador and it was with that in view that he had bought in London a picture of Pocahontas, painted from life. This picture shows her transformed into a London woman of fashion, dressed in elaborate Jacobean style. It shows, rather than Pocahontas, Mrs. John Rolfe. Of course, he bought this as a souvenir of America's glamorous past rather than as an important work of art.

One morning, when I had arrived to have breakfast with A.W. in Washington, I found him as excited as a boy over some negotiations he was conducting with a Spanish family in Madrid. The revolution was brewing in Spain. About a month before this time, A.W. explained to me, a woman whose husband was in the United States Embassy in Madrid, had been visiting in Washington and had sent word to him that many Spanish families were disposed to sell some of their valuable paintings in the belief that what they

did not sell would be confiscated. As many of them were expecting to flee before the revolution broke, they were generally in a hurry. This woman believed that she could get for A.W. a portrait by Goya of a man in yellow breeches.

Now, A.W. had a fixed rule that he would never act in a hurry in any trading transaction. The surest way to annoy him was to try to hasten him to a decision. I remember one time when Mr. Rust, the head of the Koppers company, was urging A.W. to buy a big bloc of stock in a gas company. Mr. Rust's representative, in presenting a sheet of facts, most of which were expressed in figures, reported that, unless the stock were bought by the beginning of the following week, A.W. would lose the opportunity to buy it. A.W.'s temperature dropped sharply. He pushed the sheet of figures away from him, saying: "Take that back to Mr. Rust and tell him I never in my life bought anything that I had to buy on a time limit."

But on that morning to which I refer, A.W.'s ingrained habit of deliberate buying was in conflict with the occasion, for this was a time when he certainly had to take account of the crisis in Spain. There had been a transatlantic telephone conversation just prior to my arrival, in which it had been revealed that a Goya much finer than the portrait of the man in yellow breeches might be purchased if A.W. preferred. This was Goya's portrait of the Marquesa de Pontejos.

In spite of the emphasis placed on the urgency of the situation by the Spanish owner of the paintings, A.W. took time to send an emissary to the Congressional Library to consult a book there in which were reproductions of most of Goya's works. Then he decided in a flash. Again a transatlantic telephone connection was established and A.W. gave the

word to buy. But he did not breathe easily until the following day when he received a cable which informed him that the painting had been bought, and for a sum well inside the limit which he had fixed. It was only a little while after this purchase that King Alfonso of Spain fled. The revolutionary government which then took control in Madrid very shortly afterwards imposed restrictions on the export of Spanish works of art.

Our own rich families were being affected by change. While A.W. had all his mental faculties focused on that tax trial in Pittsburgh, a letter from J. P. Morgan disclosed an intention to sell certain fine things from the collection made by his father. Among the works to be sold were Fra Angelico's "Madonna" and another beautiful painting by Ghirlandaio. Of course, A.W. at that time was too preoccupied with his own problem to give deep consideration to Morgan's news, but, when the tax trial was finished and he turned again to art, he was deeply disappointed to learn that the Fra Angelico had been sold.

However, he was consoled by another work of the same painter, which Knoedlers had succeeded in buying from an English collection. This was the "Madonna of Humility"; and, at the same time, A.W. did buy from the Morgan collection another great picture, "Portrait of a Man," by Pollaiuolo. As it happened, this was one of the last of the great paintings he ever bought; one other now in the National Gallery collection, by Duccio, was bought just a few months before A.W.'s death. Lord Duveen had come to him to say that there was a chance he could get this one, Duccio's "The Nativity." It had been for some years in the Kaiser Friedrich Museum in Berlin.

In the great gift which he had designed for the people of the United States, A.W. had invested not merely millions of dollars but literally countless hours of concentration of a highly cultivated intellect, and extraordinarily shrewd trading. His gift represented hundreds of treasure-seeking expeditions, successful expeditions, and now all of it was to be given to the American people.

He was not one to make such a gift without careful preparations. He had finally decided that the becoming way would be for him to write a letter to the President making a formal offer not only of his collection but also of a building to be erected on the Mall at Sixth Street, Washington, D. C., with funds to be provided by him. The conditions were set forth in a letter which A.W. addressed to President Roosevelt.

That letter did not go through the mails. It was taken by David Finley to Frederic A. Delano, who was President Roosevelt's uncle and also an old and respected friend of A.W. Mr. Delano for some time had shared the secret of A.W.'s intentions and was enthusiastic concerning them. He delivered the letter as a kind of Christmas gift to the President, because he carried it with him when he went to the White House for a family dinner on Christmas.

In consequence of Mr. Delano's service, A.W., on the day after Christmas, 1936, received a cordial letter from Mr. Roosevelt in which the President said that he would be delighted to receive such an offer as A.W. proposed and would like to have the opportunity of talking over the matter with A.W. So one day early in 1937 A.W. set out from his Massachusetts Avenue apartment in Washington for the

White House to keep an appointment with President Roosevelt.

A.W. was then 82 years old and visibly weakened by the cold which he had contracted in Pittsburgh. In consequence, Mr. Finley had arranged with one of the White House secretaries that A.W. and the President should meet privately in the White House instead of at the executive offices. Because of his weakened state, it was desirable to spare A.W. the further strain of stopping to discuss his visit with the reporters. For the satisfaction of their needs written statements had been prepared.

The meeting was in the President's upstairs sitting room at the White House. A.W. was accompanied by David Finley, and there was a good reason for that because Finley knew that he was to become director of the projected National Gallery. One other was present—Attorney General Homer Cummings. Seemingly the reason for having Cummings there was in order that any legal questions about the gift might be discussed and possibly settled on the spot.

That was the first meeting between A.W. and President Roosevelt since A.W.'s return from London after he had finished his service there as Ambassador. Their meeting was cordial. The document with which A.W. formally made his offer to the United States was a long one but the President read it from end to end. Then, remarking that he saw no reason why Mr. Mellon's project should not be put through as outlined, he handed it over to Mr. Cummings, who likewise read it and gave approval.

Thereafter the President sent his correspondence with A.W. to the Congress with a special message, the result of which was that Congress passed an Act, on March 24, 1937,

which actually established the National Gallery. A.W., probably having in mind the unreasoning hostility which he had suffered, expressed great gratification when the Act was signed by the President. After a flicker of a smile, he said: "It's all been a great deal easier than I anticipated."

Although in his letter to the President, A.W. had stated that he proposed to spend between \$9,000,000 and \$10,000,000 on the building, when the structure was finished its cost had exceeded \$20,000,000. The paintings and sculpture which he gave represented an investment by him of \$35,000,000; but Lord Duveen estimated that their value easily exceeded \$50,000,000, and I myself believe that to be a just appraisal. Consequently, A.W.'s total gift to the American people, plus an endowment of \$5,000,000, can be fixed at somewhere in the neighborhood of \$70,000,000.

A.W.'s one absorbing interest thereafter was the building of the Gallery. He had always had in mind two architects, Cass Gilbert, who had designed the new Supreme Court building in Washington, and John Russell Pope. A. W. had favored Pope anyway, but when Mr. Gilbert died, the choice of Mr. Pope was inevitable. He was probably the best suited person in the world for the job. Certainly A.W. found great satisfaction in working with him.

Well before this, Pope and he had become good friends when, as Secretary of the Treasury, A.W. was directing a physical reconstruction of Washington. Mr. Pope had been the architect of the Archives building; and while that was being designed, the two men often consulted, and finding each other congenial, had continued to meet. Neither was in the best of health as they worked together on the National

Gallery. A.W., aged 83, was really feeble and Pope had only partially recovered from a long illness probably brought on by the tragic death of a daughter.

A.W. wanted no vast galleries and Mr. Pope was in accord. Indeed, the two of them had spent so much of their lives in art galleries that they well knew what was wrong with the big galleries of the Old World.


The floor space of the National Gallery was divided into 100 rooms, none of more than moderate size, and some quite small. Probably for the first time in the history of important art collections, a gallery was being designed for existing collections. Plaster walls and travertine were measured out for the early Italian pictures, and damask walls were planned for the pictures of the later Italian school. There were oak-paneled walls for the Dutch masters and painted wood panels on which to display the eighteenth century English pictures. Since light was such a precious instrument, the building was made unusually narrow. To keep it narrow, it had to be made long. But nowhere did A.W. and his architect sacrifice either simplicity or beauty.

The central rotunda and fountain, with its covered dome supported on pillars of dark green Italian marble, is said to be, by those who ought to know, one of the finest things John Russell Pope ever did. The dome itself is modeled after the Pantheon in Rome. On either side of this central court, east and west, are two long sculpture halls, each ending in a garden court. There was no detail of that building to which A.W. did not give his full attention.

As the Mellon Institute was created in memory of Judge Mellon, it bears the family name. But with the art gallery, it was a different matter. A.W. left explicit instructions

that this building and great collection of treasure should be called simply The National Art Gallery.

It is a pity that, just as R. B. did not live to see the completion of the Mellon Institute, so also A.W. died before the completion of the National Art Gallery.



CHAPTER XLVII

The Young People

I remember when my grandfather, Judge Mellon, during my boyhood was working on his autobiography. He was no longer concerned with business, but for the advancement of this personal undertaking he had preempted a storeroom in the back of the bank. In this sparsely furnished office day after day he concentrated on his message. His eyesight had failed him so nearly to the point of blindness that the letters formed by his pencil were vastly disproportionate. Nevertheless he so greatly felt the need to say what was inside of him that he finally accepted what at first he had denounced as an extravagance. Thereafter he had the help of a new and in that time a remarkable "convenience", a stenographer. The sight of her confidently recording my grandfather's stream of words made such an impression on me as a youth that even now I seem to see her plainly, a small woman, not young at all and always encased in a duster.

The more my grandfather wrote, the more fascinated he became by what he was doing. Only now, when the same shadow that touched him has fallen on me, am I able to share in the feelings that caused that nearly blind old man to strive to record what he realized only he could pass on to the younger Mellons. Now, when it is far too late, I find myself wishing that I might have prepared myself better

to report for my grandchildren and their grandchildren what went on in our family during my lifetime.

I assert no claim to a gift of prophecy, yet my years and my situation give me an advantage. Mentally reviewing the newest generation of our family, those I regard as my special audience, I see nothing disturbing. All of them are promising. They are healthy. Their habits are good. That is as far as any sensible person ought to go in appraising young people with most of their lives before them. Yet a few of them already have met and fulfilled great responsibilities.

As I stop to think about it, these twelve grandchildren of mine demonstrate how pervasive were the harsh effects of the war. Of twelve, seven have been directly affected by the war. Among the smallest of my grandchildren, two little brothers, Karl Negley Mellon and James Ross Mellon, young as they are, because they *are* children, must have been all the more sensitively aware of the concern their parents were feeling for the children's other grandparents, who are Germans, in Germany, exposed in succession to tyranny, bombing, famine and disease. These children who speak to me with tenderness and affection, must have had many sorrowful hours of childish worry over those other grandparents across the ocean.

But we had a worse affliction. Five of my twelve grandchildren were deprived of their father. I say five because Alex Laughlin, whose own father died when Alex was a year old, is surely as deeply bereaved by the death of his stepfather, Thomas Hitchcock, Jr., as are Tommy's own children, Louise Eustis Hitchcock, Margaret Mellon Hitchcock, and the twins, Thomas Hitchcock III and William



MR. AND MRS. WILLIAM LARIMER MELLON AND THEIR FOUR CHILDREN

Mellon Hitchcock. These children of my daughter Margaret never can forget their father but whereas they saw him with their own young viewpoint, I can show them how he appeared to me. The war in making a widow of my daughter Margaret likewise robbed me of a dear friend who seemed to me more nearly a son than a son-in-law.

There is a little oval room in my home on Squirrel Hill in Pittsburgh and my wife and I, sitting there one night in 1928, could hear Margaret giggling and Tommy protesting. So both my wife and I were looking at the doorway as Tommy came through, seeming to have been propelled by unseen hands. Then he stammered as he asked our permission to marry Margaret.

They were married December 15, 1928, in the Hotel

Plaza in New York. By then I had begun to realize what I afterwards knew, that he was one of the finest men and certainly the bravest man I ever knew. But more than this, he would have been, had he lived, a really great and creative man in business. He had discovered that there is an excitement in business which transcends even that of the polo field. Tommy Hitchcock, three generations removed from business, was reverting to it. His father had never engaged in business; he was a great horseman, a famous steeplechase rider, and a master of hounds; and the interest of Mrs. Hitchcock, Tommy's mother, in horses and horsemanship was as keen as that of her husband. Tommy was only three when they first put him on the back of a horse. By the time he was thirteen he had played in his first polo tournament at Narragansett Pier.

Tommy distinguished himself in the first World War. He had been a flier and a member of the LaFayette Escadrille. By September, 1917, he had been moved to the front lines as a replacement. After his first fight and again after his second fight he was decorated by the French. In his third air battle he was shot down behind the German lines. Helpless from a bad wound in his hip, he was captured. Then with incredible daring, luck and endurance, he managed to escape from a prison train and travel afoot more than a hundred miles through hostile territory until he reached Lake Constance. Soon after that he was back in service. He was in the American Air Forces Service Command as the war ended.

This boy, who had had such astonishing adventures, became just about the most aggressive polo player of all time,

and then he brought that aggressiveness into business life. It was my privilege to watch him as he became fascinated by business.

In 1937 he became one of the partners in the banking house of Lehman Brothers. I would have been glad at any time to have brought him into the Gulf Oil Corporation and in doing so would have felt that I had made a great coup for the company. However, with the first news from Pearl Harbor, Tommy Hitchcock had no time for anything but the war.

At first he tried to find and serve with his surviving comrades of the last war. He would have been with General Chennault and the Flying Tigers in China, had it not been for the fact that the antitoxins and vaccines administered to him just before he was to leave for the Far East gave him a fever almost as bad as any one of the diseases which these injections had been designed to avert. He was so shaken by chills that the springs of his bed would rattle during each paroxysm.

Thus cheated of his chance to go out to Chennault, Tommy fixed on General Olds as his leader, saying to us: "I don't want to work for just anybody, but Olds—why I'd become a foot soldier and march into battle with him!" So he went with Olds into the Ferry Command.

General Olds himself was to be disappointed. He had to take for awhile an important but quiet command on the Pacific Coast; and without Olds, Tommy was no longer content to stay in the Ferry Command. Then he got another chance.

He was determined to fly, although his age was supposed to preclude combat flying. But one day, as he was brooding over his luncheon in a Washington hotel, the American Ambassador to London, Gilbert Winant, appeared and said:

"Tommy, you're just the man I'm looking for. You've got to come with me to London as attaché."

"No," said Tommy to this old friend who had been his teacher at St. Paul's. "I won't sit in London for anything."

But Winant coaxed, and Tommy realized that in the London Embassy there would appear opportunities to jump into the kind of service he was seeking.

So he went abroad and began flying on countless errands in a little Beechcraft provided for him by the Embassy. He had no radio to put out signals. So, to avoid complications with radar installations or becoming the target of friends, he had to fly on his errands at a dangerously low altitude, literally just above backyards.

Then General Carl Spaatz delighted Tommy by sending him back to the United States to train his own group of fighters. When they were trained, Tommy and his group of P-51 Mustang fighters joined the Ninth Air Support Command in which organization Tommy, by April, 1944, had become also chief of tactical research.

At that time I was in Florida living aboard my houseboat, *Old River*. The houseboat was a comfortable substitute for the yacht *Vagabondia* which had been taken into the Navy. So it happened that the *Old River* was some miles out from Lower Matecumbe Key when a launch came alongside and one of my shore neighbors told me that I was wanted on the telephone. David Bruce, A.W.'s son-in-law, was trying to get me on the telephone.

My heart sank then. This would be bad news. David was a colonel in the Office of Strategic Services and was only temporarily back in Washington on some duties connected with his responsibility for the London office of that organiza-

tion. My fears were confirmed when I got ashore and was connected with David in Washington. He told me that Tommy Hitchcock had been killed in a crash of a plane he was flying on some experimental errand, really a test flight. Tommy had been flying that plane himself for the characteristic reason that he had refused to permit two young subordinates to take what he knew to be a great risk.

On April 19, 1945, the first anniversary of his death, there was a ceremony in the New York apartment of my daughter, Margaret. Posthumously, to that great collection of military decorations which Tommy had earned the right to wear in World War I there was added by the War Department the Distinguished Flying Cross. That decoration will be a talisman in that household. Even though they have lost the presence of their father, the Hitchcock children themselves are enviable. I am sure his valor was contagious. It is impossible for me to believe that any one of them will ever cease to try to be as fine and courageous as was Tommy Hitchcock.

Now, when on my next birthday I will be 79, it still seems to me as if it were only yesterday that I was welcoming Alexander Mellon Laughlin into the world. I have loved him as I love them all, but I was still thinking of him as just a child when he went off to the war. Alex flew in the war in a C-54. He was a radio operator. Undeniably he is a man now, aged 21. He is at Yale striving to reconstruct his normal life pattern. My daughter Rachel's son, John Fawcett Walton III served in this war in the Navy as his father did in the first World War. When John was still obliged to confess himself only 17, he put to sea as a member of the crew of the USS *Dionne*, a destroyer escort. What followed was never child's

play. Thus before he is old enough to vote, young John had become a veteran and therefore a man with harsh experiences built into him. These things moved me out of the common grandfatherly attitude. Here I am at my time of life not merely filled with affection for my grandchildren but feeling deep respect for them.

As if that were not bewildering enough I had watched some of my own generation—the younger ones—go off to the war. Paul Mellon, the son of A.W. was the very first. When war was brewing, he dropped all those activities at St. John's College that were so close to his heart and volunteered in the regular Army of the United States. As an enlisted man Paul Mellon was sent out to Fort Riley in Kansas, where he was assigned to training and instructing in a cavalry organization. Ours was a small army when he did that and Paul's enlistment at first struck me with astonishment. But then I realized that he had done precisely the right thing for him as the son of a great American. Thus it happened that Paul was better prepared than most Americans when we were finally in the war. He later was transferred into the O.S.S., took parachute training and became eventually a major. As the American Third Army surged across France, Paul was with it, but exposure and exhaustion brought him down as surely as a bullet. Even before the French capital was securely won, Paul, feverish and delirious, was lying on a stretcher in an army field hospital. He had pneumonia. Happily, he recovered.

There were others of our family in the war. Alan Scaife, who married R.B.'s daughter, Sarah, served in General William Donovan's Office of Strategic Services. Two sons-in-law of my cousin Edward Purcell Mellon likewise were

in the war. Henry Wise, Jr., served in India as a colonel and Craigh Leonard was in the Office of Strategic Services.

In the week following the Japanese attack on Pearl Harbor my son, W. L. Mellon, Jr. left the ranch for Los Angeles and went to the Navy Recruiting Office in Santa Monica. He filled out all the usual forms and then went to the Los Angeles post office building and was readily passed by the physical examiners. Larimer has an unusual facility with modern European languages and it was suggested to him by one of the Naval officers that he was qualified for a commission and would probably be given one if he applied. For the rest of his life Larimer will regret following that advice. The vial containing a sample of his blood taken on his second physical examination was either broken or mislaid, so he had to appear again before a Naval doctor in Phoenix, Arizona for re-examination. All told, he had five distinct and complete physical examinations for the Navy, in Los Angeles, in Phoenix and in Prescott, Arizona; and he wrote to schools and county recorders for transcripts of school grades, birth certificate, character references and testimonials of financial reliability. At last he was advised that the Eleventh Naval District no longer had any billets available in the Office of Naval Intelligence. However, he was told that if he chose to receive a commission in the Office of Cable Censorship, that could be arranged. But Larimer was determined to get overseas and just about that time the Office of Strategic Services heard of him as an able-bodied cowboy who spoke Portuguese. At the first hint that they could use him he hastened to Washington and within two hours was hired and on the payroll with a promise that they would send him to Europe in a month's time. He was still busy in Washington a year

and a half later. Then, in January 1944, it was finally arranged for him to go to Spain as an attaché of the United States Embassy. He was flown across the Atlantic in a Pan-American Clipper after spending nine days in Bermuda awaiting favorable weather. He arrived in Madrid on February 10, 1944 and was sent on to Barcelona where for four months he was at the head of O.S.S. activities in Catalonia. Then, on June 5, 1944, he was recalled to Madrid and placed in charge of all intelligence activities conducted by O.S.S. from Spain. Incidentally, in this work Larimer was under instruction to confine his hunt for information to activities of the Axis countries. He was under clear and precise orders that he was not to collect information regarding the Spanish people. It was an important work for which he was well qualified. As soon as the German troops withdrew from the French-Spanish border after the American landing on the French Riviera, Larimer was transferred to Switzerland. In Geneva, with the title of Vice-Consul, he assumed charge of the affairs of O.S.S. He remained there until the Germans surrendered in May of 1945. He was fortunate enough to be recalled to Washington promptly thereafter and so by June 8, 1945 Larimer was back in the United States and once more eager to get out to his ranch home and resume cow punching. On June 21, 1945 Larimer received the following flattering letter from Major General William J. Donovan:

21 June 1945

Mr. William Mellon
Rimrock, Arizona
Dear Mr. Mellon:

I have learned with regret that you are planning to leave this organization. Before you do so may I express, for myself and the agency, our appreciation and gratitude for the way

in which you have performed your duties as a member of the Office of Strategic Services.

As you know, the mission entrusted to OSS has been an integral part of the military activities of the nation. What success we have achieved has been entirely due to the ability of our personnel and to their fine sense of loyalty and devotion to duty. I am proud of the accomplishments of this agency and of the individuals such as yourself who have been associated with it. You can leave us with the satisfaction of feeling that in what you have done for OSS you have materially contributed to the success of our efforts.

Sincerely,

William J. Donovan

Director

Richard K. Mellon, a veteran of World War I, offered his services to the Army and received a commission as a Major in the Army of the United States. His service began April 2, 1942. He was assigned to duty as Executive Officer of the Army Emergency Relief with headquarters in Washington, D. C. While engaged in this duty, he was promoted to the rank of lieutenant colonel and subsequently to the rank of colonel. In August 1943, Colonel Mellon was appointed Director of Selective Service for the Commonwealth of Pennsylvania, which caused the transfer of his headquarters to Harrisburg, Pennsylvania. During the period of service he was assigned to the General Staff Corps and completed a journey into the Asiatic-Pacific Campaign Area to accomplish a special mission. In March 1945, Colonel Mellon was appointed Chief of Staff of the International Division of the War Department. He removed his headquarters to Washington, D. C., where he served until May. On June 12, 1946, we all learned with pride that our kinsman, Colonel Mellon, had been awarded the Distinguished Service Medal.

Richard, Paul, Alan Seaife and Larimer, when the war ended, could return to their accustomed channels. But the young boys found it less easy, it seems to me. Because I remember that I floundered around before I found the work that could give me immense satisfaction and excitement, I believe I am able to understand at least a little bit the situation of young people. But whereas mine was of an ordinary pattern, these young people were in a plight caused by the war. Their normal lives had been interrupted by tremendous events, and a break in your life is not so easily mended as you patch a hole in a tire.

John Walton wanted to go to work when he got out of the Navy, rather than return to school. When he took a position with the Mellon Bank and Trust Company I thought that was right for him. I can testify that my family would have blundered had they obliged me to go to college. On the other hand, Alexander Laughlin after his Army experiences went back to Yale, and I felt that he should complete his college education. Since he is studious by nature and learns very easily, he should get a good deal out of college.

Two other grandsons of mine who are still in school nevertheless reveal qualities of character that strongly mark them as members of our family. James Mellon Walton and William Larimer Mellon III both have unusual minds. James Walton is doing very well at St. Paul's and William Larimer Mellon III is also doing well in a school in Los Angeles. In William's marked tendency to persevere in anything he tackles I see a reflection of qualities that counted heavily in our past. Although these two boys were too young for the war, it is by no means certain that they will not be caught in its backwash and still have to serve in the Army

and Navy before they can begin their careers. That will be important service and I do not discount it. Nevertheless, it is my hope that none of my grandchildren shall ever allow themselves to lose sight of the fact that their talents are greatly needed in this world.

The good fortune of their elders has, as I see it, expanded the opportunities of the young people of our family to make themselves useful beyond the average. A. W. and R. B. Mellon were immensely useful. A hundred years from now, possibly, when their achievements can be seen with perspective, I am sure there will be a better realization of how business adventures of these men and their kind were making life easier for all humanity.

Today when our country is the most potent in the world, many people are deluding themselves about this potency. With monumental foolishness they would destroy the implement which made us so powerful. This implement, as I see it, was that freedom which such men as A. W. and R. B. enjoyed to back with all their money and all their minds any company which they believed could be a useful organization.

In my opinion the American people are going to preserve their freedom, are going to realize that freedom and creativeness are inseparable. In my lexicon "opportunity" means "opportunity to create." Of course, thoughtless people now as in the past are disposed to think they have appeared in the world at a time when great opportunities have all been consumed or preempted. The contrary is the truth. Today there are manyfold more opportunities than in my youth or in the youth of A. W. and R. B. Mellon. When comparison is made with such opportunities as existed in my

grandfather's time, then contemporary pessimism appears absurd.

All humanity is advancing or preparing to advance today along a path where those two bankers, my uncles, pioneered. Essentially they were distinguished from other successful business men of their day because they were so alert to team up science and industry. Now, because of science, great fields for industrial endeavors are appearing almost faster than they can be identified. Today's young people, on this account, really do have vastly more opportunities than were open to my grandfather's sons and to me.

One among our newest generation, Anne Farley Walton, my eldest grandchild who was born January 20, 1923, has proved to herself that there are far more opportunities in today's world than in her great grandmother's day. After Anne was graduated from Vassar with a degree in chemistry, she went to work at the Mellon Institute in Pittsburgh, intending to devote herself to pure research. Because of the war all young people were obliged to recompose their plans, Anne among them. She switched to a research project that was revealed as vitally necessary when preparations were made to send hundreds of thousands of young Americans into tropical jungles all around the earth. Anne became a member of a team of scientists engaged in a laboratory hunt for a substitute for quinine. I cite Anne's work not only because of my pride but because her adventure typifies the newer kind of opportunity to become useful which exists so much more abundantly nowadays for the young people of both sexes. In my grandmother's day what Anne is doing would have been not only unthinkable but impossible.

Another aspect of this immense change for the better is

revealed by the work of Anne's younger sister, Mary Taylor Walton, who was named for my wife. After she was graduated from Vassar, she came home to Pittsburgh and began a career in the field of education. She has been at the University of Pittsburgh as an assistant of the dean of women. Thus she herself is enlarging the opportunity for other women to make themselves useful beyond family boundaries.

The most positive thing I can say is that no two of my grandchildren are alike, and I find it both bewildering and delightful to recognize in them qualities that distinguished their forbears. Louise Eustis Hitchcock at 16 is already a dignified young woman. But while she has one place in the catalogue, her younger sister, Margaret Mellon Hitchcock, seems to be quite different. I think I see in her a strong resemblance to her grandmother, the late Mrs. Thomas Hitchcock, who was a great character; fearless, gay and amazingly versatile. Anything she turned her hand to she could do. And now here is Margaret Mellon Hitchcock showing in her tendencies a remarkable character-likeness to her grandmother, Mrs. Hitchcock.

Anyone who is a member of a large family and who fails to become a connoisseur of family traits misses a delightful exercise. This is really great fun. I am grateful that I can say to my grandchildren that they can be proud when they identify themselves as Mellons. But none of us is so simply constructed as to be all Mellon or all Walton or all Hitchcock. My grandsons, Thomas Hitchcock III and William Mellon Hitchcock, in spite of being identical twins are about as different in personality as any two brothers can be. The youngest of all my grandchildren, little James Ross Mellon,

named for my father, is only four years old but he is a personality already. His older brother, Karl Negley Mellon is quite as pleasing and distinctly different. Certainly we have had no regimentation in our family.

Any young people of our family who turn their backs on business are, possibly without being aware of it, emulating my grandfather, Judge Mellon, who, after a successful career in law, on the bench and then as a banker, deliberately turned all his affairs over to the keeping of his son and thereafter light-heartedly and adventurously devoted himself to the quenching of his insatiable thirst for knowledge. Moreover, I know that he savored freedom in a fresh guise simply because he was no longer tied as before to one place on the map.

Paul Mellon, A.W.'s son, probably inherits that same strong appetite for knowledge. While he has never taken an interest in business details, he has competently supervised the management of his affairs through a well-organized staff. However, with the kind of aggressiveness that makes for success in business he has been devoting himself to projects designed to work an improvement in the higher educational processes of this country. Before the war, at St. John's College in Annapolis, he was trying, as nearly as I can understand, to further an educational concept that would produce thinkers, as law and medical schools produce lawyers and doctors. Of course, in referring to my cousin Paul, I skip back to my own generation, even though in years he might be my son.

My son Matthew has dedicated his life to scholarship. When, as Ensign Mellon, he returned in 1919 from overseas naval duty in the first World War, he wanted to go right

into business but instead, and at my request, entered Princeton University. As a special student, allowed to choose his own courses, he gave rein to a taste for philosophy. He studied ethics with Warner Fite; metaphysics with A. A. Bowman and Greek philosophy with Paul Elmer More. As he became interested in the philosophy of Neo-Realism, he attended the lectures of Professor Spaulding.

In 1922 he was graduated from Princeton with an A. B. degree in philosophy. Then I supposed we were going to make a business man out of him, and for a while he gave himself fully to business—generously, as I now see it. He took a job in the Gulf Refining Company. He spent a year inspecting and auditing the accounts of plants operated by agents all along the eastern seaboard. After that he was made manager of a specialty department, where he developed a series of products; an insecticide, a wax for sealing glass preserving jars, and half a dozen other items. As president of the company I was honestly pleased with his work. But when it devolved on him to take up the selling end, Matthew told me he was through.

In a kind of apology he explained that by giving him an income sufficient for all needs I had taken the profit motive out of business for him. What was left did not excite him at all. Another objection to going on was that I had created the business. So he felt that no matter how surely he earned advancement, those who did not advance would tell themselves that Matthew Mellon was going ahead solely because he was my son.

Then, having proved his competence to me, Matthew abandoned business and in 1926 he went to Harvard and entered the Graduate School of Arts and Sciences in the Department

of Philosophy. There he studied metaphysics with Whitehead and Hocking; logic with Lewis; and ethics with Ralph Barton Perry. He studied the philosophy of religions and the history of the reformation with George F. Moore, Kirsopp Lakes and others in the Theological School. After receiving the degree of Master of Arts from the Harvard Department of Philosophy, he went to Germany, which he had visited each summer since 1922. Over there he settled down to the study of phenomenology with Husserl and Heidegger.

Although I could not follow him on this adventure, I knew he was progressing when in 1929 Freiburg University admitted him to its faculty as American lecturer. He lectured on pragmatism and other phases of American philosophy. He must have sensed a gap in German understanding of us for the next thing I knew he was giving courses in that German university in American literature and American history. And when he was being most aggressively American in Germany, he fell in love with a young German woman, a student.

Curiously enough, we were reassured not so much by Matthew's appraisal of her as beautiful and intelligent, as by his revelation that she came from a place like Pittsburgh, a steel town called Bochum, over which hovered clouds stained with smoke but irradiated by furnace fires. So we dared to hope that she could feel at home in Pittsburgh. Of course, we were to discover what all the family now knows, that she is, indeed, extremely beautiful, highly intelligent and wonderfully sweet.

In late 1938, when Matthew and his wife left Germany because of the general threat of war, he had received his Ph.D. and was, moreover, an honorary senator of Freiburg

University, an office corresponding to trustee of an American university.

Generally a man serves best who seeks out his own path, as Matthew has done and as my other son has done in quite a different way.

I had no better success than with Matthew in trying to groove a path for my son, William Larimer Mellon, Jr. To-day when he has resumed the management of his big Arizona ranches, I am about ready to admit that his and every other man's own way is the best one. I am my son's partner in one of those ranches, and so I know they are being ably run. Nevertheless, Larimer first tried to please me by working for Gulf Oil Corporation. After a year at Princeton, when he was 19 he had married Grace Rowley of Pittsburgh. As further schooling then seemed out of the question he dutifully started in at Gulf. But Larimer had always loved the out-of-doors, as I do, and after a few years with Gulf he longed to settle in Arizona and engage in cattle ranching. So he, too, left Gulf.

Out in Arizona today he runs the Apache Maid Livestock Company which operates a ranch embracing some 100,000 acres of mountain and desert land. Much of the land is under lease by virtue of grazing rights for which he pays an annual rental to the government. Also under his charge is the Fort Rock Ranch, of 110,000 acres, which he and I own jointly. Larimer has modernized those ranches and their operations and he loves that outdoor business as much as he loathed the desk work obligations of a conventional business career. The rightness of his choice is disclosed to me now in my happiness that my grandson, William Larimer Mellon III, is sharing that enviable ranch life with his

father. Larimer and his first wife were divorced, and in 1946 he married Gwendolyn Grant Rawson.

Larimer and my wife were very close. The charming qualities of the Taylors live in him. Yet whenever I have seen him against his western background I have been strongly reminded of us pioneering young Mellons who were on the Dakota prairies in the 80s, and especially of R.B.

R.B. was a Mellon with great power to charm and delight people, and his innate friendliness became a considerable part of that engine of business for which the synonym of old Pittsburghers is the phrase, "my brother and I." Perhaps Dick Mellon's notable gift for winning people made him extraordinarily successful in his relationship with his son. Certainly my first cousin, Richard K. Mellon, is today the young Mellon I would nominate as best fitted to sit down in a conference, were such a thing possible, that would include my grandfather, Judge Mellon, and his five sons.

This first cousin of mine, called "Dick" by a host of friends, is young enough to be my son, but I can see that without regard to his inheritance he has become that rare fellow, a genuine successor to a great father. He has an aptitude for business, coupled with such a love of it as makes me appreciate as can no other person how wonderfully R.B. succeeded in revealing to his son the intoxicating, the magical excitement to be found in business.

In recent months of 1946 Richard K. Mellon became the chairman of the board of the newly formed Mellon National Bank & Trust Company. This is the financial oak that has grown from that acorn my grandfather planted, when it was simply called T. Mellon & Sons. I have told at considerable length how that bank became the Mellon National Bank,

and how that in turn became a subsidiary of the Union Trust Company through a transaction whereby Henry Clay Frick became heavily interested with my uncles. Down the years the Mellon National Bank was the biggest banking force in Pittsburgh, although it was 99 per cent owned by the Union Trust Company, which was also functioning as a financial institution in Pittsburgh.

Near the beginning of 1946 we began to evolve a plan of merger whereby the trust company and the bank might be poured into one vessel. This was desirable on every count but most of all because the single bigger institution could do a bigger and better job. On July 8 of this year the directors of both companies gave their approval to a merger plan. Then this was submitted to the stockholders at special meetings on September 16 and when they had formally approved, the merger became effective as of September 23, 1946. On that day what my grandfather began, simply by announcing that he was engaged in banking, became one of the large banks of the world.

Too many people find in such a statement only a recording of a massing up of dollars. This is sheer ignorance. The combined resources of the Mellon National Bank & Trust Company as of June 30, 1946, were \$1,175,620,806 and combined deposits were \$980,965,535. I want to emphasize to my special audience of grandchildren that this began not with money. It began with integrity and sound business judgment. Today the more than a billion dollars of resources impresses me less as money than it does as evidence that there has been no faltering in the integrity and no lessening in the soundness of the judgment. This institution, even though it long ago embraced more than interests of the Mel-

lon family, is nevertheless a fine monument to my grandfather and his teachings.

Thinking about the bank and its continuing power to contribute to the growth of the nation emboldens me now. I say that only one thing could disturb my serenity. Observing various younger persons in our family who turn from business to some other field of activity, I am bound to say that I should hate to discover any one of them doing this in the belief that business was in some way ignoble. Between the last two wars business as an activity has been slandered so grossly that I feel obliged to say now that if the day ever comes when America no longer has any business men and all its institutions are run by office holders, that will be a sorrowful and cruel time for just about everybody but the tyrant. As I see it, there is no other scheme known to man except business whereby such able fellows as A. W. and R. B. Mellon could have generated for our country what they did generate. They were builders. They were creative. They were not actuated solely by profit, but profit was the proof they were right. They were spurred on and on, though, by something greatly transcending any original desire to get money. No one who knows him could suppose that now Richard K. Mellon is concerned with making money just to be making money. As a matter of fact, in starting this bank merger it was not his idea that he should become the head of it, great as is his pride in it. The decision to have him serve as chairman of the board grew out of our recognition that under his leadership we could be sure of a more harmonious organization than might have been possible otherwise.

In June of this year public announcement was made of the formation of a new Mellon family organization. It is a

voluntary thing and not a company. For my part this organization is evidence of an intention that the various members of our family mean to go on striving to be useful and are unwilling simply to live on their money. My cousin Richard in announcing the formation of this organization explained that it reflected the desire of members of the family to cooperate on matters of common interest. In my grandfather's day that cooperation was easily arranged. At first the men of the family came together at meal time and talked things over then. Later on, A.W., R.B. and I continued that practice, meeting if at no other time, almost certainly on any Sunday when we were all in Pittsburgh; sometimes at my home, sometimes at R.B.'s, sometimes at A.W.'s house.

Nowadays some of us are away from Pittsburgh for long periods and there are occasions when we should act in concert. So this organization will permit a systematic coordination and action on various responsibilities of us all. This is a more formal society than we used to have. One function of this organization will be to carry on studies of the potentials of investments under consideration. There has been tremendous technological and scientific progress in many fields, and these represent opportunities, and as we see it, opportunities *recognized* become obligations. So we hope that the activities of our organization will prove to be beneficial not simply to members of the Mellon family but to the stockholders interested in companies in which we are strongly interested and to the general public as well, which is to say the nation. This information center of the family also will collate and study information about civic projects and charitable matters of mutual interest.

When my grandfather, after retiring from the bench,

formed his little bank, it was his idea that he would there make a place for his sons to work. So it was singularly appropriate that we chose for this new family organization the old name of "T. Mellon & Sons."

I still hold my position as chairman of the board of Gulf Oil Corporation, and I serve on the executive committee of the board of directors of the Mellon National Bank & Trust Company. I seem to be going on as always. Nevertheless, I know my number will come up sometime. This does not disturb the tranquillity of my mind at all. I have had a busy and a happy life.

On December 18, 1939, my wife and I formed the W. L. and May T. Mellon Foundation. This Foundation will have a reasonably ample fund and for a time should be a source of benevolent force.

Although I feel confident that no business with which I have been closely identified will go adrift because of my preparations to put aside responsibility, nevertheless I now occupy a vantage point which permits me to see that this situation is injurious in its effects on the nation. The companies of this country generally are as a great fleet of ships and those of us who stand at the helms dread the thought of them being mishandled by less devoted managers. Here is a theme for another book but I do not mean to write it; and this one is finished. That which provides for it a happy ending is my conviction that the important heritage of the children of our family is in their characters and in their right to exercise a special concern in keeping untarnished and fair the name of T. Mellon and Sons.

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